THE AVERAGE MAN ON WALL STREET

The Washington Monthly

NOVEMBER 1971/ONE DOLLAR

JOSEPH P. LASH ON THE ROOSEVELTS: THEIR PERSONAL WAR ON POVERTY

SENATOR EDWARD M. KENNEDY ON PAKISTAN: AMERICAN POLICY AT ITS WORST

Michael Green on the Unnatural Gas Case

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

RACHEL CARSON

brings you the mysterious and changing world between the tides,

in a lovely book, enhanced with 50 beautiful photographs

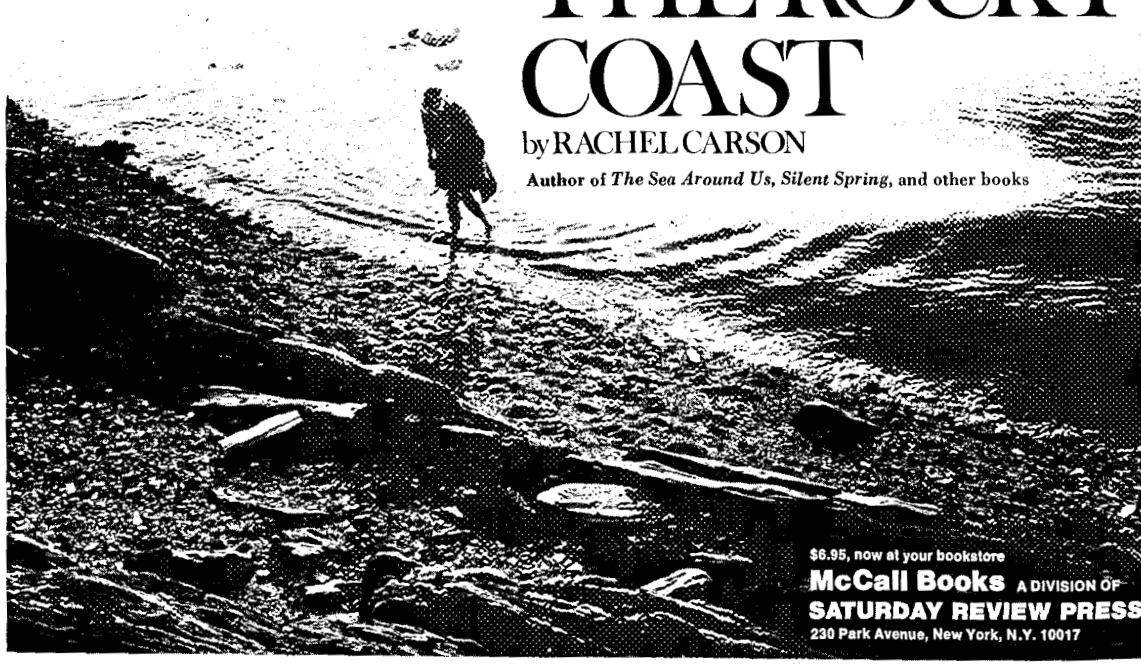
Along the Atlantic shore, north of Cape Cod, there's a world of life between high tide and low. You can see it when the water draws back –a shimmering, wiggling universe of plants and animals, struggling to find food, to evade their natural enemies, and to hold on to their primitive lives. There are the snails, and the moonjellies, the gulls and the green sponges which carpet a cave that "was old 300 million years ago."

The Rocky Coast, which first appeared as a chapter in Rachel Carson's classic, *The Edge of the Sea,* describes the rugged, often brutal beauty of the glacier-carved terrain. Fifty color and black-and-white photographs by Charles Pratt, fifteen drawings by Bob Hines, and Miss Carson's eloquent words together offer a memorable picture of this seemingly barren place where nothing should be able to survive, yet so much life abounds.

THE ROCKY COAST

by RACHEL CARSON

Author of *The Sea Around Us, Silent Spring,* and other books



$6.95, now at your bookstore

McCall Books A DIVISION OF **SATURDAY REVIEW PRESS**

230 Park Avenue, New York, N.Y. 10017

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

(Advertisement)

McGovern's Quiet Progress

McGovern? A great guy!

Would obviously be a great President — if only we could appoint him!

First U. S. Senator to speak out against our military intervention in Vietnam, way back in 1963.

Outstanding critic of the defense budget.

Lonely crusader against hunger in America.

Chief architect of delegate selection reform in the Democratic Party.

Consistently liberal but a big vote-getter in his conservative native state of South Dakota.

But the Democratic presidential nomination? Forget it. He doesn't have a chance. Starts from too far behind. And too nice a guy. Not fiery enough.

And so on and so on. Right?

This was pretty much the reaction when Senator McGovern shattered political precedent last January by becoming a declared candidate for the Democratic presidential nomination a whole year ahead of time.

"They tell us that George McGovern cannot become President because he is too decent," wrote newspaper columnist Pete Hamill.

The Nation agreed: "His decency as a human being is a distinct liability."

But as The New Republic said during McGovern's hearings on hunger, "It is awfully hard to stop men like McGovern. They have iron in them . . . Don't underestimate him."

And since he declared his candidacy, he has campaigned tirelessly and progressed steadily.

Now, people are beginning to rub their eyes in astonishment and say, "By golly, maybe he *does* have a chance!"

First of all, he has received nearly $500,000 from supporters, mostly in small contributions of $1 to $100. That's not nearly enough to carry him through all the primaries, of course. But it's a remarkable outpouring of sentiment so early in the game.

He's won the support of people with a lot of savvy and high standards, such as John Kenneth Galbraith, Gloria Steinem, George Wald, Hans Morgenthau, William Sloan Coffin, Arthur Schlesinger, Henry Steele Commager, Frank Mankiewicz, Shirley MacLaine, Blair Clark.

In New Hampshire, he has the support of half the people who were Democratic Delegates in 1968 and three-fourths of the people who were McCarthy Delegates.

In New York, he has been endorsed by the Democratic Party Leader of Queens, Matthew Troy; the Borough President of the Bronx, Robert Abrams; and recent Democratic candidate for the U. S. Senate, Richard Ottinger.

In Nebraska, former Governor Frank Morrison will serve as Chairman of Nebraska Citizens for McGovern.

"CROWDS HAIL McGOVERN IN WISCONSIN," read a headline in The New York Times on March 8. The news story which followed reported that "he drew about 4,500 persons to a speech on the University of Wisconsin campus, and the audience, noted for its intolerance of politicians, gave him a standing ovation at the end. Later, Friday, he drew another overflow crowd at a Madison hotel reception despite a driving snowstorm."

In Pennsylvania, the Philadelphia Evening Bulletin reported on July 29 that "The 1972 Pennsylvania Presidential primary is still nine months away, but Delaware County Democrats are reportedly already lining up support for South Dakota Senator George S. McGovern. Several local Democrats recently stated that support for McGovern has increased in the past few months.

"Every Democrat who has expressed an interest about becoming a candidate for delegate to the national convention is supporting McGovern," one leader said.

Students for McGovern chapters have sprung up on more than 350 college campuses.

Tom Wicker of The New York Times told political writer Jack Newfield, according to Newfield's account in The Village Voice on August 12, "George is being under estimated. I think he is probably not getting the (newspaper) space he deserves. He is quite strong in the farm belt. He has real organizations going in some of those states. I think McGovern is going to win a primary, and then some folks are going to have egg on their face."

Maybe it's too soon to call all this a groundswell.

But it's not too soon to say that McGovern is a serious contender for the presidential nomination.

And it's not too soon for you to make up your mind to help him get it.

The primary campaigns in New Hampshire and Florida begin in barely 90 days. After that comes Wisconsin.

The stronger the showing McGovern makes in these first primaries, the stronger he will become in terms of support, financial backing, and news coverage.

Thanks to the reforms drafted by the McGovern Commission, at least 63% of the delegates to the 1972 Democratic Convention will be directly elected by the people in at least 23 state primaries.

This means that, for the first time, the candidate who successfully takes his case to the people can be assured of winning the nomination, whether the "power brokers" like it or not.

And you can play a part in helping Senator McGovern take his case to the people, by making a contribution to his campaign now.

The Pentagon papers have widened the credibility gap between the Administration and the country into a canyon. American people are hungering for a man they can trust — a man who sees the truth and tells the truth.

We think George McGovern is such a man. And we urge you to join with us in helping him win the Democratic presidential nomination, by mailing the coupon with your heartfelt contribution.

McGovern is getting there. Here's your chance to help.

Mail To: McGovern for President Committee
410 First Street, S.E., Washington, D. C. 20003

☐ **I support Senator McGovern in his efforts to lead our country along the path of peace, reconciliation and rededication. Enclosed is my contribution of $_____**

☐ **Miss**
☐ **Mrs.**
☐ **Mr.**

Address **Apt.**

City **State** **Zip**

☐ **Please enroll me in the McGovern for President Club made up of supporters pledged to contribute $10 or more a month until the convention, and keep me closely informed on the progress of the campaign.**

Please Make Checks Payable to McGovern for President Committee.

(Advertisement)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Washington Monthly IS

"respected"

The New York Times

"enterprising"

Newsweek

"impressive"

Saturday Review

"a hell of a good magazine"

Theodore H. White

"off to a brilliant start"

John W. Gardner

The Washington Monthly
1150 Connecticut Ave. N.W.
Washington, D.C. 20036

Send me The Washington Monthly
for one year at $10._____

_____
name

_____
address

_____
city state zip

☐ payment enclosed ☐ bill me

The Washington Monthly

Editorial Advisory Board:
Richard Rovere, Chairman
Russell Baker, Edgar Cahn,
Murray Kempton, Peter Lisagor,
Hugh Sidey, James C. Thomson, Jr.

Editors:
Charles Peters, Editor-in-chief
Taylor Branch, Suzannah Lessard,
John Rothchild.

Contributing Editors:
T.N. Bethell, James Boyd, David Gelman,
David Hapgood, Beverly Kempton,
Robert Rice, Jamie Rosenthal, John Wicklein.
Barbara Currier, Joseph Freitas, Jr., Planning.

Staff:
Carol Trueblood, Elizabeth Peters,
Anita Isicson, Irene Bald.

Design and Art:
Andrew Bornstein, Vint Lawrence.

Published monthly by The Washington Monthly Co.,
1150 Connecticut Ave., N.W., Washington, D.C. 20036
Copyright © 1971 The Washington Monthly Co.
All rights reserved. Reproduction by any method
whatsoever without permission is prohibited.

Subscription rates: U.S. and possessions—
$10, one year; $18, two years; $25, three years.
Foreign—$1.50 per year additional surface mail;
air mail rates on request. Single copies $1.00.

Unsolicited manuscripts must be accompanied
by a stamped self-addressed envelope.

Send all remittances and correspondence
concerning subscriptions, undelivered copies, and
change of address to 1150 Connecticut Ave., N.W.,
Washington, D.C. 20036.

Printed by The Lane Press, Inc., Burlington, Vt.

Second class postage paid at Washington, D.C.
and additional offices.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

VOLUME THREE NUMBER NINE
NOVEMBER 1971

Tragedy in Bengal: The Role of U. S. Foreign Policy
by Senator Edward M. Kennedy
The United States is abetting genocide in Pakistan. A journey to the refugee camps we help generate. A dissection of the foreign policy we must change. **6**

POLITICAL NUMBERS:
Party Alignment: The Biggest Shift in 40 Years
by Michael Rappeport
Political parties undergo major transformations every 40 years. What's in store for '72. **19**

The Roosevelts: Their Personal War on Poverty
by Joseph P. Lash
The Roosevelts build an experimental town in Appalachia. An engaging tale showing how contemporary the past can be. **22**

THE SCREWING OF THE AVERAGE MAN:
The Wall Street Treatment
by Paul Dickson
Small investors return to the market like lemmings. How they get soaked. **39**

The Unnatural Gas Case
by Michael Green
How one pipeline has run around the Supreme Court for 14 years. With new friends like Warren Magnuson, El Paso Natural Gas may never be called to account. **48**

Political Book Notes **62**

LETTERS 4 **POLITICAL PUZZLE 38** **MEMO OF THE MONTH 47**

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Letters

Gruening on the Lame Doves

I think the real conclusion that one must come to in assessing the failure of the Senate doves, ["The Senate's Lame Doves," John Rothchild, August] was first that they were not numerous enough but second, and more important, they did not have the guts to vote against the appropriations, the only way to show one's disapproval of the war effectively.

Wayne Morse and I did it consistently and on one occasion we were joined by Gaylord Nelson and on another by Stephen Young.

This is still the problem and I am convinced, as I have been since Nixon's election and his pre-election campaign promises, that he hasn't the slightest intention of ending the war. That has already been long evident although many of our doves are deluded by his propaganda.

ERNEST GRUENING
Washington, D. C.

Mr. Gruening is a former senator from Alaska.

A Misguided Memo?

While reading your August issue I came across the Memo of the Month, HUD's Minority Group Statistics Subsystem. If your intent was to illustrate how ludicrous this kind of system is, I think you missed a key point. We in the civil rights effort within the Federal government often have no way of determining the results of our work. This system, albeit cumbersome and potentially prejudicial, gives us the opportunity to follow up on the promises and good intentions of those who might not take the goals of equal opportunity seriously. We recognize it as an evil, but a necessary one nevertheless.

B. C. FORD, JR.
Washington, D. C.

Mr. Ford works in the Office of Equal Opportunity, Department of Housing and Urban Development.

The Terms of Tenure

The case for tenure ["The Case Against Tenure," Suzannah Lessard, September] lies in the argument that it gives a person relatively more freedom to do what he or she likes and in his or her own way. If he or she does not make use of the freedom the fault is not in the system of tenure but in the make-up of the person. A person without tenure, on the other hand, has less freedom and has to do what the pressures of competition require. Now, pressures of competition do not automatically stop because a person acquires tenure. Also the work done under pressure of competition is not necessarily either interesting, or desirable or meaningful or valuable.

Unfortunately, all the characteristics Miss Lessard points out apply equally to persons with or without tenure. Her article is a typical case of non-categorization.

ROMESH K. DIWAN
Troy, N. Y.

Romesh Diwan teaches economics at Rensselaer Polytechnic Institute.

For More Reports

The article by Taylor Branch, "Aid to Brazil: From Dungeons to Disneyland," in the September issue, I hope is the inaugural article of a series concerned with reviewing congressional hearings. It is very seldom that congressional hearings receive this type of critical and interpretative treatment that they so richly deserve.

W. R. THOMPSON
Hadley, Mass.

The Fountain of Conservative Youth

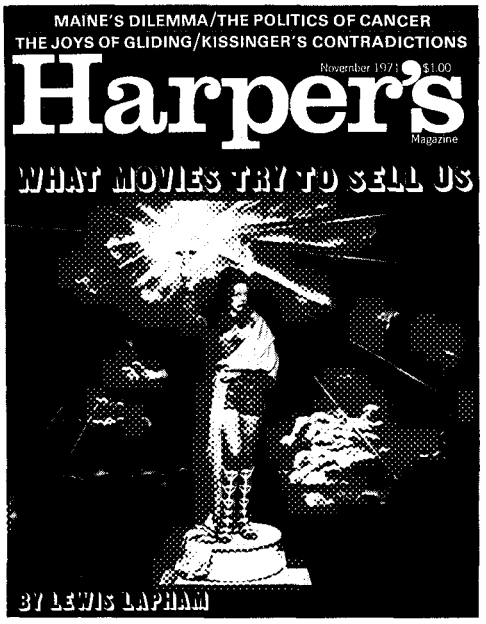
Concerning Robert Butler's "Fighting Seniority with Bigotry," [June] it should be noted that in Tennessee last November, liberal Senator Albert Gore, age 63, was ousted by a young conservative named Bill Brock, age 39; this made conservative Howard Baker, age 45, the senior senator in Tennessee.

Representative Jack Kemp, age 36 and recently a quarterback for the Buffalo Bills, won a seat in Congress by running on a Republican-Conservative ticket. Phil Crane, elected at age 39, is one of the most outspoken conservatives in the House, while 33-year-old Representative Barry Goldwater, Jr. is already a veteran of conservative politics. Then there are Archer, Tower, Rousselot, Ashbrook, an ever-increasing list of young conservatives being elected to the U. S. Congress, often in place of older liberals.

BO CAREY
Loudon, Tennessee

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

It's all in this month's Harper's



Hollywood's Dangerous Game

After viewing the current crop of "important" movies (among them *Klute*, *Doc*, *McCabe and Mrs. Miller*, and *Carnal Knowledge*), Lewis H. Lapham gets the rhetorical message. We're all more or less successful criminals—vicious, predatory, incapable of love or of distinguishing between good and evil.

Does this "truth & honesty" reflect our contemporary American society? Or does Hollywood cynically pander to the normal despair of the adolescent ticket buyers? It's a dangerous game in which the film makers could be the first and biggest losers.

For the full report on the vision the movies are trying to sell us, read the current Harper's Magazine.

Machismo in the Defense Establishment

For two decades the balance of power among nations has been unbalanced. In America's favor. And the most highly prized virtue among men in the defense establishment was toughness. A man willing to recommend violence never damaged his reputation—even when outvoted. Today, the game is too dangerous. The question is, do the managers of our national security recognize that the rules and realities have changed?

The Cancer Quarrel

Almost the entire medical and scientific community opposes The Conquest of Cancer Act. Yet, it's almost certain to win Congressional and Presidential approval —and a billion dollar annual budget to boot. Why? Mary Lasker wants it.

Oil on the Troubled Coast of Maine

The majestic rock-ribbed coast of Maine offers oil companies the only deep ocean ports in America. They're moving in to the chagrin of everyone, including the oil-rich millionaires who vacation on Maine's Penobscot Bay. Money versus power—guarantees a classic confrontation.

Politics of Parole

The Federal Parole Board answers to nobody. Its decisions are above appeal. But not above reproach. Statistics show injustice is rampant in this arm of Attorney General Mitchell's Justice Department. Particularly, if you're a political prisoner or a Vietnam war resister.

The High Cost of Free Enterprise

John Fischer gloomily predicts that Nixon won't be able to control inflation. The reason? The unrestricted demands of unions and the rigid practices of business have all but killed the free enterprise system.

I Am George Donner...

A dirt farmer/who left the snowy fields/around Springfield, Illinois/in the fullness of my life/and abandoned the land/where we had been successful/and prosperous people/and brought a party of eighty men/women and children/west by wagon. These lines begin George Keithley's brilliant, 16-page verse history of the ill-fated Donner Party's westward journey.

And More...

The joys of gliding described by ***Wolfgang Langewiesche***; ***Robert Coles'*** moving and saddening portrait of the proud hill people of Appalachia; ***Leslie H. Gelb***, director of the Pentagon's Vietnam History, better known as the Pentagon Papers, explores with ***Morton H. Halperin*** the secret travels of Henry Kissinger to China; ***Loren Eiseley*** examines scientists as prophets.

Every issue of America's first monthly magazine brings you opinion, information, entertainment and excitement. Get into the Harper's habit now and save half.

060

8 Months Of Harper's Magazine. Half Price.

Fill out and mail today to
Harper's Magazine, 2 Park Ave., N.Y., N.Y. 10016

Send me the next 8 months of Harper's for only $2.84. That's half the regular subscription price and $5.16 off the newsstand price.

☐ Double my savings. Send 16 months for only $5.68.

☐ Payment Enclosed ☐ Bill me

Name_____

Address_____

City_____

State_____ Zip_____

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Dick Swanson, Life Magazine. Copyright Time, Inc.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Tragedy in Bengal: The Role of American Foreign Policy

by Edward M. Kennedy

On the evening of last March 25, the Army of Pakistan launched a systematic campaign to suppress political opposition in East Bengal. The details of what has followed have been blurred by press censorship and deception. But the heart of the story has become clear to the world: the soldiers of Pakistan have moved so brutally against their nominal countrymen that hundreds of thousands have died and over nine million more have fled across the borders into India. Each day the flow of Bengali refugees continues—spilling into India towards the disease and hardships of inundated, makeshift camps, while the Pakistani government blandly announces that everything is under control and appeals for the refugees' return.

Americans must begin to understand this massive human tragedy, and our role in it, so that we can recognize the bankrupt response of our government and set it right. It is time for Americans to understand that we must rescue the ideals of our foreign policy from cold calculations that have not only shaken and demoralized South Asia, but many other parts of the world as well.

Edward M. Kennedy is the senior U. S. Senator from Massachusetts.

The issue from the beginning in East Bengal has been self-determination and democratic principle. East Pakistan, or the province of East Bengal, is the more populous half of a country that has been divided by more than 1,000 miles of Indian territory since the establishment of Pakistan in 1947. After suffering both political and economic domination from the West Pakistanis for more than two decades—after years of martial law and unfulfilled election promises—the East Bengalis finally succeeded in obtaining a free election throughout all of Pakistan last December 7. The election was administered by martial law authorities and, at the time, was loudly proclaimed fair by the government of President Yahya Khan. It produced in East Bengal an overwhelming mandate—almost 90 per cent of the vote—for the Awami League party and its leader, Sheikh Mujibur Rahman.

The Awami League was thus given a majority in the promised Pakistan National Assembly, charged with drafting a new constitution for returning the nation to civilian, democratic rule. But what happened next formed a pattern of delay and deception, fol-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

INSIDE THE SYSTEM

is designed to give an insider's understanding to those outside the government as well as to those within one branch who don't understand life in another.
Contributors include Russell Baker, Bill Moyers, Morton Mintz, Nick Kotz, Hugh Sidey, James David Barber, James C. Thomson, Jr., Richard Rovere.

"I hope everyone who's worried about the way things are going will read this book. It tells about how things work—and why they don't work—with urgency, objectivity, and flair."
—Allard K. Lowenstein

"Written with authenticity and insight."
—William M. Capron, Associate Dean
J. F. K. School of Government
Harvard University

"Fascinating and revealing."
—Joseph Young, Washington Star

Now used in over 100 universities throughout the country, including Yale, Michigan, Cornell, North Carolina, City University of New York, and Princeton.

The Washington Monthly
1150 Connecticut Ave. N.W.
Washington, D.C. 20036

Please send

_____ paperback copies @ $3.50

_____ hardback copies @ $8.95

of **Inside the System**

$_____ enclosed _____ bill me

to:

name

street

city

state zip

lowed by the invocation once again of martial law. Negotiations between Sheikh Mujib and President Yahya Khan over the party's six-point proposal for regional autonomy dragged on and deteriorated—erupting in terror and bloodshed suddenly on the night of March 25.

For while the East Bengalis negotiated for democracy and autonomy, the West Pakistan army prepared for repression and organized terror. What I saw recently in India was the human debris from that night of terror and the subsequent months of violence.

The brutal suppression of East Bengal is the third disaster to befall that area in the past year. In the summer of 1970, floods destroyed crops and killed thousands of people. In November, a cyclone hit the coastal region and killed an estimated 400,000 people. Now comes a man-made disaster, whose fury is producing even greater death and widespread misery among those who survive. And unlike the natural disasters, the current suppression has cemented the traditional bitterness of the Bengalis toward the Pakistani government. Many Bengalis now reason that if there were ever a time to push toward independence, that time is now. And, apparently a majority of the refugees in India are determined not to return home, until this goal or some form of autonomy is achieved.

Those who flee East Pakistan do not expect to find a promised land as they trek into the camps around Calcutta and the other border areas – by and large the poorest of India. Even in normal times, the poverty in these areas is among the most depressing in the world. And despite enormous efforts by the Indian government, the refugees find cholera, malnutrition, dysentery, and overexposure. They find all the ways to die that poor, spent people experience when they are heaped together with inadequate food, shelter, medical care, or sanitary facilities. The refugees do not walk to India out of hope of a better life. They flee because of the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

immediate threat of terror and death at the hands of the Pakistani soldiers. Added causes in recent weeks are growing food shortages and the threat of famine, especially in the rural areas.

Despite cables and reports from the field, this massive human tragedy is not yet understood by our government or the world. Although the plight of the refugees has been a source of urgent concern for many in Congress, and to the Subcommittee on Refugees, it is not until you see it first-hand that you can begin to understand the immensity of the suffering. For only by visiting the refugee camps can you sense the feelings of the people or understand the forces of violence which continue to push them from the Bengal countryside.

Misery's Variables

Although we were unable to see the source of the refugee flow, because the government of Pakistan refused us entry into East Bengal, all evidence available to the subcommittee suggests conditions are continuing to deteriorate in the countryside. However, in India, we managed to visit refugee areas along the entire border of East Bengal—from Calcutta and West Bengal in the west to the Jalpaiguri and Darjeeling districts in the north, to Agartala in the State of Tripura in the east. I listened to scores of refugees, struggling to survive in flimsy shelters in open fields or behind public buildings—or trudging down the roads of West Bengal after days and even weeks of desperate flight.

I found that conditions varied widely from one camp to another. But they varied around a rather general level of misery, for many of the camps defy description. Those who suffer most from the hunger, the congestion, the lack of medical supplies, and the frightful conditions of sanitation are the young and the very old. Many of the infants and aged have already died. And it is possible—as you pick your steps among the others—to identify those who will be dead within hours, or whose lives surely will end in a matter of days.

You see children with legs and feet swollen with edema and malnutrition, limp in the arms of their mothers. You see babies going blind for lack of vitamins, or covered with sores that will not heal. You see in the eyes of their parents the despair of ever having their children well again. And, most difficult of all, you see the corpse of the child who died just the night before. When you look up, of necessity, from the eyes of one refugee who mourns his family and you see similar men and women and children packed together as far as the eye can see, then you have an inkling of what is meant by the phrase "seven million refugees." Now there are nine million.

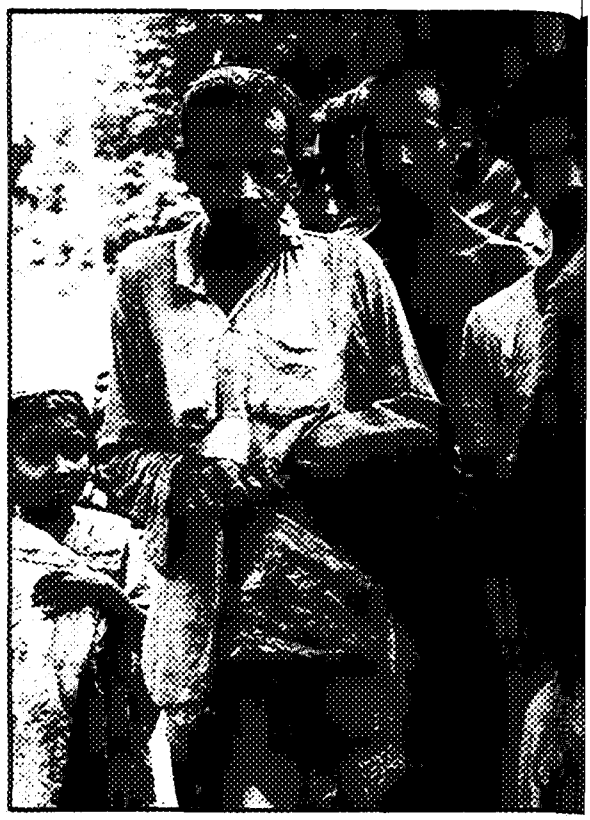
The story is the same in camp after camp. Compounding this misery is the growing number of civilian casualties that are swamping India's already overburdened hospital system. As I walked through hospitals in Tripura and elsewhere, I saw children who had been shot. While I was visiting one hospital, doctors carried in a woman who had been shot through the side. Most of the refugee casualties are brought across the border by their friends or relatives. Each day the toll mounts as border villages are subjected to shelling from both sides. Inevitably, there are untold numbers of other victims who remain unattended and uncounted in East Bengal.

The refugees come from all kinds of backgrounds. One 55-year-old civil servant among the civilian casualties, a railroad official with 35 years of service, told me of an inexplicable assault on his railroad station by the Pakistani army. "I do not know why they shot me," he said. "I don't belong to any political party. I was just a railway clerk." Most of the refugees, however, are poorly educated villagers—the people who make up the bulk of the population in East Bengal. I talked with dozens of such people on the Boyra-Bongaon Road north of Cal-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cutta, on a day when at least 7,000 new refugees had crossed the border. Nearly all were farmers. Most were Hindus, from districts south of Dacca, on the fringe of the area affected by last fall's cyclone. Many of these people were still in visible stages of shock, sitting listlessly by the roadside or wandering aimlessly. They told stories of atrocities, of slaughter, of looting and burning, of harassment and abuse by Pakistani soldiers and their collaborators. Monsoon rains were drenching the area, making it difficult for the refugees to walk and adding to the despair on their faces. To those of us who went out that day to visit refugee areas, the rains meant no more than a change of clothes. But to those refugees it meant still another night without rest, food, or shelter.

It is difficult to erase from your mind the look on the face of a child paralyzed from the waist down, never to walk again; or a child quivering in fear on a mat in a small tent still in shock from seeing his parents, his brothers, and his sisters executed before his eyes; or the anxiety of a 10-year-old girl out foraging for something to cover the body of her baby brother who had died of cholera a few moments before our arrival. When I asked one refugee camp director what he would describe as his greatest need, his answer was "a crematorium." He was in charge of one of the largest refugee camps in the world. It was originally designed to provide low-income and middle-income housing, and has now become the home for some 170,000 refugees.



Cables under the Carpet

What has been America's response to this man-made disaster?

Incredibly, we have been unconscionably silent. Neither the President nor the Secretary of State has yet made a single public statement condemning the West Pakistan government's policy of violence and repression. And not until late in the summer—months after the tragedy began—did the President publicly comment on the situation in South Asia. In fact, there is enough evidence to suggest that our government has sought to minimize in public the serious threat to peace caused by the massive flow of Bengali refugees into India. We have consistently downplayed the threat of famine in East Bengal and understated the role of American arms in our relations with the West Pakistan government.

On the question of famine, our government as early as June 21 had official reports from the field—let alone earlier information from international agencies—predicting serious food shortages in some areas of East Bengal. Cables from the American Consul in Dacca, one of the few official sources of information about human conditions inside East Bengal, were warning the State Department in Washington that the threat of outright famine was great. One such confidential cable on July 6 reads as follows:

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

SPECTER OF FAMINE HANGS OVER EP [EAST PAKISTAN] AND PROSPECTS FOR AVERTING WIDESPREAD HUNGER, SUFFERING AND PERHAPS STARVATION NOT REPEAT NOT GOOD. GOEP [GOVERNMENT OF EAST PAKISTAN] OFFICIALS LARGELY ENERVATED BY FEAR OF MILITARY. UN MOVING FAR TOO SLOWLY. . . .

IN OFFICIAL CIRCLES IN PAKISTAN FAMINE IS A FORBIDDEN WORD. THE LINE BEING TAKEN BY THE GOP AND THE GOEP IS THAT STOCKS ARE ADEQUATE AND NO MAJOR FOOD PROBLEMS ARE IN SIGHT. NONETHELESS, IT IS OUR VIEW THAT FAMINE CONDITIONS. . . WILL PROBABLY PREVAIL IN MUCH OF EP OVER THE COMING YEAR. MOREOVER, BECAUSE OF LINE THE GOP/GOEP ARE TAKING, PROSPECTS FOR AVERTING FAMINE CONDITIONS NOT REPEAT NOT GOOD.

When press queries about famine were made in mid-July, State Department spokesmen seemingly went out of their way to protect the sensibilities of the Pakistani government by consciously understating the potential for famine in East Bengal. This neglect of field reports prompted the American Embassy in Islamabad to file this cable of protest on July 15:

WE ARE CONCERNED. . . THAT DEPARTMENT STATING PUBLICLY THAT THERE IS NO EVIDENCE IN FIELD REPORTS WHICH WOULD BEAR OUT PREDICTIONS OF COMING FAMINE IN EAST PAKISTAN. PERHAPS SPOKESMAN NOT APPRISED OF MOST RECENT FIELD REPORTS WHICH INDICATE FAMINE REAL POSSIBILITY.

IN OUR VIEW, PUBLIC STATEMENTS INCONSISTENT WITH THIS LINE LIKELY IMPAIR EFFECTIVENESS OF OUR REPRESENTATIONS HERE. . . . FURTHER PUBLIC STATEMENTS. . . SHOULD REFLECT RECENT FIELD REPORTING.

It was not until July 22, in response to questions from members of the Subcommittee on Refugees, that Department of State officials publicly recognized the situation. We can only speculate why our government refused, for so long, to speak candidly of the potential for famine in East Bengal; for the net effect of minimizing the seriousness of the problem was to reduce the urgency of our response and to defer needlessly those substantive international efforts that were needed to save human life.

Ships in the Night

Although in the early days of the East Bengal crisis it looked as though our government's policy suffered simply from a lack of candor and a lethargy towards the urgent humanitarian needs involved, it did seem as though we were ending our military participation with the government of Pakistan. On April 20, the State Department announced an end to the shipment of further American arms to Pakistan. In a letter to me on that date, the Department stated explicitly:

. . . we have a modest program of cash and credit sales to Pakistan of non-lethal military end-items as well as some spare parts and ammunition. We have been in-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

formed by the Department of Defense that *none of these items has been provided to the Pakistan Government* or its agents since the outbreak of fighting in East Pakistan, March 25-26, *and nothing is presently scheduled for such delivery*. (emphasis added)

On May 6, the chairman of the Senate Foreign Relations Committee received a similar letter, as did other members of Congress.

Yet on May 8, the Pakistani ship *Sunderbans* left New York harbor for Karachi, West Pakistan, laden with American military supplies. Neither the press nor the Congress knew of its departure. Its sailing says a great deal about the course and purpose of the Administration's policy towards South Asia. And contrary to every impression—at least prior to the Department of State's testimony before the Refugee subcommittee on June 28—U. S. military supplies were continuing to flow to West Pakistan.

Some have tried to explain the apparent discrepancies between our officially stated policy and the continued shipment of arms by noting that the phrase "scheduled for delivery" has a more intricate meaning than commonly assumed. "Delivery" in the Department of Defense means, they say, the transfer of title, which occurs long before actual shipment. Once military goods have been "delivered," the shipper must obtain a license from the Department of State's Office of Munitions Control before actual shipment. All this can take up to a year.

But such ornate descriptions of the military aid process, or apologetic claims of "bureaucratic bungling," cannot explain away the continued shipment of military equipment to Pakistan. This was made clear in the June 28 testimony before the Subcommittee on Refugees. After a reported White House-level review of the arms policy toward Pakistan, Deputy Assistant Secretary of State Christopher Van Hollen admitted "that there may be certain items moving in the future based upon items turned over by DOD [Department of Defense] prior to April, or on commerical licenses that are still outstanding." In other words, the Administration determined *not* to embargo the $27.4-million worth of arms still in the pipeline as of March 25. Such an embargo could have been effected with just a few phone calls.

Under current policy, therefore, military supplies still flow today to Pakistan—not in the quantities that might have been shipped if new licenses were granted, but in sufficient quantities to help the Pakistani army in its suppression and to carry enormous symbolic weight.

If We Don't, Someone Will

The State Department, as outlined in Mr. Van Hollen's testimony, has given three reasons for this policy. First it is said that an embargo would "be seen as an unwarranted intrusion into an essentially internal problem, which can only be resolved by the Pakistanis." The implication is, of course, that we can somehow maintain a hands-off posture towards Pakistan while still sending military hardware to its military government. But surely this is a contorted argument. For the cold fact is that we are already involved—with our guns and our money, with more than a decade of economic and military assistance. Our aircraft and our tanks have been reported in action, even by U. S. officials. So the question is *how* we should be involved; whether we should continue supplying more arms, or supporting instead efforts toward political accommodation in East Bengal and humanitarian programs for the millions in need.

A second argument advanced by The State Department to justify not cutting off military supplies is that it "would cause Pakistan to rely exclusively on other sources of supply." In other words, if we don't supply the equipment, somebody else will. This is, and always has been, a weak and very defensive argument, capable of justifying *any* policy as long as there is

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

a single party in the world who will fill the void if we abstain. It relies not on the positive merits of a program, but on the fact that other nations might be willing to do what we should not be willing to do. The fact is that in Pakistan arms are already being imported in great volume from China and elsewhere, and our supplies are only a small portion of current Pakistani military imports. So why not cut our symbolic ties?

The State Department replies rather obliquely that the third reason for continued military sales is that it would indeed be seen as a symbolic sanction. As Mr. Van Hollen testified, "Such sanctions. . . would undermine our efforts to maintain a productive political relationship with the Government of Pakistan, [to] encourage the Government of Pakistan along constructive lines in the areas of mutual interest, namely in the areas of relief, of refugee return, and of political accommodation." This argument has become the heart of the Administration's position, even though the government of Pakistan has shown only token "mutual interest" in such matters as humanitarian relief and political accommodation.

As the Administration has put the rationale subsequently, military aid is required to maintain our "leverage" over the Pakistani government in order to push for a cessation of the killing and political repression. But surely there is no more specious an argument than this, which says the establishment of "leverage" requires regular contributions to the very problem being addressed. It would be better to cut off military aid, as well as general economic aid, and then make its restoration contingent upon some demonstration of humanity on the part of Pakistan, than to mindlessly continue the arms flow in the hope of some day achieving that leverage. As it is we are bargaining against ourselves.

Although it was clear from testimony before the subcommittee that our continued military aid to Pakistan flows directly from Administration policy, many observers continue to believe it is a product of bureaucratic

If you ever wondered what happened to "we, the people," Walter J. Hickel has the answers.

The former Secretary of the Interior, the author of the famous "Faithfully yours, Wally" letter, has written an equally provocative, informative, and engrossing new book. It is at once a fascinating inside story of the Nixon administration and an inspiring blueprint for saving the nation's ravaged environment.

"What the Pentagon Papers did for LBJ, Hickel's account of shenanigans in the inner circle of Nixon's White House does for RMN." —*Publishers' Weekly*

'A powerful book!... a work of art... there is not a sentence I would change."—ERIC HOFFER

WALTER J. HICKEL
WHO OWNS AMERICA?

$6.95

At your bookseller or by mail:
PRENTICE-HALL
Englewood Cliffs, N.J. 07632

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

inertia. It would certainly seem so from a General Accounting Office (GAO) investigation, which recently uncovered nearly $10-million worth of "Offer and Acceptance" contracts, in which the U. S. took the initiative in offering Pakistan military equipment, such as parts for fighter aircraft, like the F-104. Needless to say, Pakistan accepted the offers, and at least one contract was "Validated and Approved for Implementation" in July, long after authorizations for new arms shipments had been declared forbidden. The State Department, while surprised at the existence of the contracts, has taken the position that the goods could not be shipped without licenses, which would not be granted under existing policy. Accordingly, the contracts were called mere contingency items in case of policy changes in the future. Whatever the facts are—which the GAO is seeking to clarify during its current investigation—there is considerable evidence that the State Department's control over what sails for Pakistan is woefully deficient and sadly confusing.

It is time for Americans to ask their leaders just what kind of government is it that we seek to influence—and for what purpose?

The uses of "leverage" and "forceful persuasion" are, of course, very familiar to Americans from our part in the Vietnam war. In Saigon, after seven years of active military involvement—where Americans have been asked to sacrifice nearly $100 billion and at least 46,000 lives to uphold the concept of self-determination and democratic principle—we are confronted today with a cruel joke on "democracy" and "self-determination." In Vietnam we are supporting a military elite which calls an election "free" after it eliminates all significant opposition.

Less than 2,000 miles from Saigon, in East Bengal, we have seen the results of a popular election, but watched silently while a military regime jails the man chosen in that free election to be the country's leader. Worse, we have actually supported that regime, while it suppressed the results of that election and destroyed in the process all the principles for which our country has sacrificed so much for so long only a few miles away. Perhaps the only difference between Vietnam and Pakistan is that in Pakistan we have made no pretense of acting in support of principles, so that, in effect, no principles can be violated.

If the answer of this Administration toward the excessive moralism and involvement of Vietnam is to be the new pragmatism of Pakistan, then I fear we have failed to learn the true lesson of Vietnam. For we cannot afford to substitute the twisted moralism that involved us in Vietnam with a twisted amoral "pragmatism" that keeps us involved with Pakistan. It is simply too offensive to some of the ideals Americans have long stood and fought for, and by which we try to take our bearings in the world.

Pseudo Pragmatism

The implications of the tragedy of East Bengal on American foreign policy should now be clear.

First, we must do an about-face in our relations with the nations in the area. We must understand that the face of America today in South Asia is not much different from its image over the past years in Southeast Asia—the image of an America that continues to support military repression and to fuel military violence. It is the image of an America comfortably consorting with an authoritarian regime. It is the image of an America citing its revolutionary past and crowing about its commitment to self-determination, while servicing with money and guns the military juntas that suppress change and ignore people's aspirations.

The situation in East Bengal should be particularly distressing to Americans because the leaders of East Bengal—now constituting themselves as the government of Bangla Desh—

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

DR. WILLIAM A. NOLEN, author of The Making of a Surgeon, calls this

"A fascinating book about a wonderful/horrible period in the history of surgery... a book we needed badly."

Set in the operating theatres, laboratories and patients' rooms of Houston's two great medical centers, this is a report on the heart-transplant phenomenon, the battles to preserve human lives, and the private war between two of America's most accomplished and controversial heart surgeons—the hot-tempered, skilled master, **Dr. Michael Ellis DeBakey** and his cool, brilliant, unapproachable former protegé, **Dr. Denton Cooley.**

HEARTS probes every aspect of modern heart surgery's most revolutionary era. The devotion of the staff members of the two hospitals, sleeping on the floor by the patients' bedsides. The grim wait for donors. The spectacularly delicate surgical feats. And the awful setbacks such as the moment when Dr. Cooley's most successful transplant returned to the hospital to announce, "I feel punk."

But most of all, HEARTS is the story of two complex, driven men at the center of it all—DeBakey and Cooley. Acknowledged as the two foremost heart surgeons in America, each man continues vying to be first. This book is a monument to their efforts, and the efforts of the other dedicated professionals who were and still are doing their utmost to conquer the pain and ravages of heart disease.

- Book-of-the-Month-Club Featured Alternate Selection
- Selection of *Psychology Today* Book Club
- Selection of *Reader's Digest* Book Club

HEARTS

OF SURGEONS AND TRANSPLANTS, MIRACLES AND DISASTERS ALONG THE CARDIAC FRONTIER

By THOMAS THOMPSON

$7.95, now at your bookstore

McCall Books A division of **SATURDAY REVIEW PRESS**

McCall Books/
Saturday Review Press
Dept. WM-1, 230 Park Ave.,
New York, N.Y. 10017

Please send me .... copy(s) of HEARTS at $7.95 each, for which I enclose a check or money order totaling $..... If not satisfied, I may return the book(s) within 10 days for a complete refund.

Name.....

Address.....

City.....State.....Zip.....

(Please include sales tax where applicable.)

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

have not come to America for assistance. As one Awami League official said to me in Calcutta: "Many nations and people come to America to ask for billions of U. S. dollars for more guns, more supplies. We Bengalis ask only that you provide nothing—no guns, no money to either side—that you simply remain neutral."

If we chose, rightly or wrongly, not to involve ourselves in support of self-determination, then the advice of neutrality not only avoids compromising the principles for which we stand, but also is sound foreign policy. For rather than the mindless and fruitless practice of following old habits in our dealings with military cliques in South Asia, neutrality may in fact provide us with leverage that is real and effective.

Secondly, Americans must realize that we are failing in our job as humanitarians. Somehow, our government has almost managed to sleep through a nightmare in East Bengal that should have spurred us into action immediately. For over three long months, after six million refugees had streamed across the border into India, our government offered less than $3 million in aid. Seven long months later, the Administration has contributed less than $240 million in humanitarian aid to either India or Pakistan, with an additional request for $250 million sent to Congress only last month. All this is still far less than that required. Our government knows from its own reports that India alone will need at least $800 million over the coming year just to maintain the refugees in camps. So far our contribution has been some $83 million, plus $20 million in development loans.

To be sure, as the Administration has pointed with pride, we have contributed the largest share of the total humanitarian aid India has thus far received. But the pride is quickly dispelled when we see the vast dimension of the burden being carried by the government and people of India. Simple humanity demands that America and the United Nations accept the truth that this heavy burden should be shared more fully by the entire international community.

If America is to fulfill its traditional role as the leading humanitarian nation of the world community, then America must take the lead in bringing international aid and relief to the millions of refugees and other victims of this international tragedy. Our leaders should begin to use every forum in this country, and every forum in the world, to focus attention on the inhumanity now being perpetrated in East Bengal, and on the urgent need to bring peace and relief to that troubled area.

Finally, we must ask serious questions about what our attitude toward the tragedy of East Bengal says of our new "pragmatic" foreign policy—a policy which too often makes moral and humanitarian principles expendable. I, for one, believe that these considerations—elusive though they may be—still matter. In the long run, the practice of such principles shape international esteem and goodwill, and they represent those important foreign policy variables which diplomats may try to, but cannot really ignore in the treaty rooms. Further, our actions abroad cannot help but be affected by what we think of ourselves, and our self-esteem must sink with every revelation about our government's policy towards the military regime of Pakistan. Our actions toward East Bengal have demonstrated a largely mechanistic and insensitive calculation of what is within our national interest and tradition.

South Asia today is on the brink of war and even greater tragedy, and our government's policy bears a special responsibility. For our continued military and economic support of the military regime in Islamabad has encouraged Pakistani intransigence and fed frustrations in India and East Bengal. It is long overdue for us to rescue our foreign policy from a course that has been disastrous both to our best traditions and interests in South Asia. ■

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Reprints

CORPORATE RESPONSIBILITY

___ **Carey, Sarah**—"Corporate Crime"
___ **Lobel, Martin**—"The Oil Import Quotas"
___ **Metcalf, Sen. Lee**—"How Industry Regulates Government"
___ **Moore, Philip W.**—"What's Good for the Country is Good for GM"
___ **Mueller, Charles E.**—"Monopoly with Real Money"
___ **Wellford, Harrison**—"Nader Report: Agribusiness and Pesticides"
___ **Wicklein, John**—"Whitewashing Detroit's Dirty Engine"

THE PRESIDENCY

___ **Baker, Russell and Charles Peters**—"The Prince and His Courtiers: at the White House, the Kremlin, and the Reichschancellery"
___ **Barber, James David**—"Analyzing Presidents: From Passive-Positive (Taft) to Active-Negative (Nixon)"
___ **Broder, David S.**—"Political Reporters and Presidential Politics"
___ **Cronin, Thomas E.**—"Our Textbook President"
___ **Shuman, Howard E.**—"Behind the Scenes and Under the Rug"
___ **Sidey, Hugh interviews Bill Moyers**—"The White House Staff vs. the Cabinet"

INDOCHINA

___ **Branfman, Fred**—"Dropping Bombs on Laos"
___ **Glasser, Ronald**—"The Burn Ward"
___ **Polner, Murray**—"No Victory Parades"
___ **Poole, Peter A.**—"The Vietnamization of Cambodia"
___ **Record, Jeffrey**—"Maximizing COBRA Utilization"
___ **Rothchild, John**—"Why They Failed: The Senate's Lame Doves"

WORK IN AMERICA

___ **Branch, Taylor**—"The Rising Profits of Public Service"
___ **Branch, Taylor**—"We're All Working for the Penn Central"
___ **Dickson, Paul**—"Striking Out on Your Own: The Perils and Profits of Self-Employment"
___ **Hapgood, David**—"An End to Demeaning Work"
___ **Lessard, Suzannah**—"America the Featherbedded"
___ **Lessard, Suzannah**—"America's Time Traps"
___ **Lessard, Suzannah**—"Publishing Conglomerated"
___ **Lessard, Suzannah**—"The Terms of Tenure"

SEX AND POLITICS

___ **Komisar, Lucy**—"Violence and Masculinity"
___ **Lessard, Suzannah**—"Gay Is Good for Us All"
___ **Slater, Philip**—"Spocklash: Age, Sex, and Revolution"

All reprints 50 cents each.

name

address

state zip

☐ **Payment enclosed**
☐ **Bill me**

The Washington Monthly
1150 Connecticut Ave., N.W.
Washington, D.C. 20036

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A two-inch empty pipe
can carry 230,000 telephone conversations.

The pipe is no bigger than your wrist.

Yet what really makes it news is that there's absolutely nothing inside.

Except room for 230,000 simultaneous telephone conversations.

In the years to come, millimeter waveguide pipe will be buried four feet underground. In a larger cradling pipe to give it protection and support.

It'll also have its own amplifying system about every 20 miles. So your voice will stay loud and clear.

Even after 3,000 miles.

Yet this little pipe is capable of carrying a lot more than just conversations.

It can also carry TV shows. Picturephone® pictures. Electrocardiograms. And data between thousands of computers.

All at once.

The American Telephone and Telegraph Company and your local Bell Company are always looking for new ways to improve your telephone service.

Sometimes that means developing a better way to use two inches of empty space.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

POLITICAL NUMBERS:

Party Alignment: The Biggest Shift in 40 Years

by Michael Rappeport

One major school of political scientists sees American politics as marked by periodic "critical elections," particularly 1860, 1896, and 1932. These elections involve realignments of the basic constituencies of the two major parties. On the surface, both parties may continue to exhibit continuity, but the change in constituency ultimately brings alterations in the interests and loyalties of each party. I believe that 1972 will be such a critical election year.

While each critical election exhibits many unique characteristics, there are some common features. One is a feeling of widespread dissatisfaction with the present parties. Aside from the many subjective measures, the dissatisfaction can be currently documented by the large growth in the number of "Independents" shown by virtually all polls.

Another indicator of voter dissatisfaction is a significant drop in voter turnout. While it has not been generally recognized, such a drop has occurred during the last decade. Omitting 11 southern states where new federal laws have had the effect of sharply increasing the size of the potential electorate, the total number of people who voted for Humphrey, Nixon, and Wallace combined in 1968 was less than the number who voted for Kennedy and Nixon in 1960 (see Table 1).

This decrease happened despite a growth in the non-southern potential electorate of more than eight million voters and the presence of a third party candidate in 1968. At normal participation rates, five million of these potential new voters would cast their ballots. The decline in voter participation, therefore, represents a shortfall of more than five million votes. In some states, such as Missouri,

Michael Rappeport is Director of Statistical Services at Opinion Research Corporation in Princeton, N. J. This article uses ORC research; the opinions are solely the author's.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Table 1

VOTER PARTICIPATION (in millions)

	1960 (2 Party)		1964* (2 Party)		1968* (3 Party)	
	Potential	Actual	Potential	Actual	Potential	Actual
Total U.S.	109.0	68.3	113.8	70.3	120.0	72.9
Southern States	25.3	10.0	27.1	12.3	29.0	14.8
Non-Southern States	83.6	58.3	86.7	58.0	91.0	58.2

*Includes District of Columbia, 1964 vote 198,000, 1968 vote 170,000.
Potential votes are Census Bureau estimates.

Table 2

1968 ELECTION (%)

	Nixon	Humphrey	Wallace
Blue-Collar Union Whites			
21 - 24*	48	19	33
25 - 34	40	23	37
35 - 64	31	50	19
White-Collar Whites			
21 - 24*	43	45	12
25 - 34	52	34	14
35 - 64	57	30	13

Blue-collar is defined here as the census categories craftsmen and foremen, operatives, service workers and laborers.
Occupation is assigned on basis of husband in husband-wife family.
White-collar similarly as professional, managerial and sales workers.
*Students are omitted.

Table 3

EDUCATION OF WHITE MALES

Age in 1970	One or More Years College
20 - 21	50
22 - 24	41
25 - 34	37
45 - 54	25

Source: Census Bureau Report P-20, no. 207, November 1970

Table 4

PERCENT VOTING BY EDUCATION (1964)

	Among 21 - 24 Year Olds
Less than high school	25
High school	55
Some college	73

Source: U.S. Bureau of the Census, Current Population Reports, Series P-20, No. 143, 1965.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

fewer people actually voted for President in 1968 than in 1952.

While it is hard to accurately predict the potential voting behavior of these electoral dropouts, it is worth noting that both 1964 and 1968 had a "right-wing" candidate (Goldwater and Wallace), albeit of different sorts, while neither involved candidates generally accepted as "left-wing."

If 1972 is to be a critical election, how will the political forces be realigned? There is strong evidence that the new alignment will be based on a reversal of the historic relationship between the level of education and party preference. At least since the last critical election in 1932, and probably from the beginning of American parties, the party of the left has represented the less educated against the educated, who belonged to the more "conservative" party. In recent years, for example, the Democrats have been the party of the working man, that is, the unionized, blue-collar, white workers. The Republicans have more generally represented the educational and economic elite.

Among the young, however, this relationship between education and party is being reversed. Based on data from the 1968 election, the Democrats are now the party choice of the educated, young whites while Republicans are the party of the young, blue-collar, white unionists. Table 2 shows some figures from an election poll taken by Opinion Research Corporation for a media client. Among older voters, the more classic relationship still holds, but a dramatic reversal occurs in the younger bracket. If students were included in the tabulation, the trend, if anything, would be more marked.

While the stereotypes of recent years make it no surprise that the college student is more liberal than the blue-collar worker of the same age, the potential effects of this reversal on traditional party politics have not been considered. What is not clear to most people is the size of the groups involved. About half of all white males are now finishing at least one year of college (see Table 3). Thus, where you once found a small, educated Republican elite, you now have a much larger, educated Democratic group. Correspondingly, the working-class youth is a declining proportion of the white population.

In short, what seems to be going on, in a Marxian sense, is the creation of a new class. This class, which might be called the "educated mass" is potentially both big and powerful. Moreover, since among the young there is a strong relationship between level of education and voting participation (see Table 4), the members of this new group will have more immediate impact on elections than would be indicated by their numbers alone. While the Democrats once enlisted the union men against the party of privilege, it is now the Republicans who will gain the support of the white population that is not a part of the new educated mass.

In their attitudes toward a whole host of problems that Scammon and Wattenburg call the social issue, the educated mass will be the "progressives," much to the consternation of many an old left liberal who believes that the left must have its numerical base in the worker. It is over these issues—race, Vietnam, law and order, the ordering of national priorities, for example—that the new party lines will be drawn and loyalties and attitudes hardened.

Whether this happens during the next election depends to a great degree on the economic issue. The new class will probably agree with the working class that the government should act in an economic crisis, and both sides would advocate semi-socialist economic systems. This is one of the few issues on which the two groups will agree. If the economy is still a major problem at election time, therefore, the other differences between them will not be divisive. If the eonomy has substantially recovered, however, the shape of the new alignment should become clear. ■

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Roosevelts and Arthurdale

by Joseph P. Lash

"If you want to see just how bad things are," Clarence Pickett, the executive secretary of the Quaker social-action organization, the American Friends Service Committee, advised Lorena Hickok, formerly a reporter for the Associated Press and a close friend of Mrs. Roosevelt, "go down to the southwestern part of the state [Pennsylvania] and into West Virginia." Hickok had checked in with Pickett before setting out on her travels as confidential agent for Harry Hopkins, head of the FERA (Federal Emergency Relief Administration), to report to him and to Eleanor on poverty in the United States.

Joseph P. Lash is author of Eleanor and Franklin, *published this fall by W. W. Norton, from which this article is adapted.* *Copyright 1971 by Joseph P. Lash.*

Pickett did not exaggerate the distress in Appalachia. Hickok's vivid communications from the coal towns registered incredulity that Americans could sink to such levels of degradation and hopelessness. No coal was being mined. Some of the miners had not worked for eight years. Human beings shuffled around like ghosts, and a miasmic silence hung over grimy company houses that clung to mountainsides along polluted gullies.

Eleanor was coming down, she informed Hickok, to see what the Friends were doing and hear what

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

they had to propose. Pickett sent her a map "which will help you find Crown Mine, 14 miles south of Morgantown," and on August 18 Eleanor arrived, driving alone. That day and the next the Quaker workers took a tall woman whom they did not identify, wearing a dark blue skirt, white blouse, and a white ribbon around her hair, to see the most hopeful families and the most defeated ones. She listened to the miners' wives and took their babies on her lap. She went into the hovels alongside of Scotts Run, one of the worst slums in the county, where mine tipples rusted and the gully that was used for cooking and washing water also ran with sewage. The men, black-listed because of strikes, had been out of work so long that not even the Quakers could stir them out of their "sit and spit listlessness."

There was no point in hating "our poor Communists," said the two Quaker workers in the area, Alice Davis and Nadia Danilevsky, when Lorena Hickok expressed her loathing for the Communists; their organizers were having as difficult a time as the Quakers in getting the beaten-down miners to stand up for their rights. Eleanor listened carefully and took notes. These two women had done relief work in Russia after the Revolution, an experience that had disen-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

chanted them with communism; they knew what revolution had done to Russia and did not want it for the United States. That gave special authority to their plea for help from Washington.

Action followed swiftly upon Eleanor's return to Washington. The little girl with the bad eyes should be sent to a hospital at her expense, she wrote Alice Davis. The CCC boy did not have TB, as his parents had feared, but leg ulcers, and was now recovered. At a White House dinner she had told the story of the little boy who had clung to a pet white rabbit which his sister said they were going to eat, and William Bullitt had promised to send her a check for $100 in the hopes that it could keep the bunny alive.

But these small acts of kindness did not touch the basic question of policy—what should be done with the thousands of miners who would never find work again in the mines, who were, in effect, stranded communities? The Quakers and the Extension Service workers in Morgantown thought they would have to be resettled in an area where they could make a living or, at the very least, grow their own food and begin to recover their self-respect. To the President, to whom Eleanor reported her findings, this seemed to be exactly the sort of situation the new Subsistence Homestead Program was designed to meet. The program had been authorized by the National Recovery Act, an omnibus bill which included a revolving fund of $25 million to set up "subsistence homesteads" with a view to achieving a better rural-urban balance.

Urbanization and rural decay were old preoccupations of both the Roosevelts. "The bigger the city, the less thought of man," Eleanor had heard Franklin tell the students of North Carolina A & M back in 1913. A Jeffersonian faith in the virtues of a yeomanry had been a sympathetic theme in their friendship with Franklin K. Lane, who at the end of the war had urged a federal program to help returning soldiers acquire subsistence farms near their places of work—a form of soldiers' settlements. Eleanor's sponsorship of the Val-Kill industries near Hyde Park was based on the theory she shared with her husband that men and women would stay on the farm if interesting and remunerative winter work could be found for them. Like her husband, she thought rural life superior to urban.

"I really would like to get one more bill," Roosevelt wrote Senator George Norris, "which would allow us to spend $25 million this year to put 25,000 families on farms at an average cost of $1,000 per family. It can be done. Also we would get most of the money back in due time. Will you talk this over with some of our fellow dreamers on the Hill?"

He got his $25 million but there had been no discussion of the provision either in committee or on the floor of Congress. Secretary of the Interior Harold Ickes, who was given the Subsistence Homestead appropriation to administer, did not know what was intended. The housing people had their eye on the money, but Roosevelt knew what he wanted. He saw it as the beginning of a program under which in time a million families might be resettled into planned communities. The government would buy the land, build the houses, acquire the livestock and farm machinery, bring in roads, water, and utilities. The homesteaders would have 30 years in which to pay. It was her husband's idea, Eleanor said of Arthurdale, as the first new community came to be called; "It's a plan he has talked about ever since I can remember." When she told him what the Friends thought needed to be done for the stranded miners, he decided this was the place to launch the homestead program.

A Rich Dinner

At the President's request, Ickes appointed M. L. Wilson, farmer-philosopher and former professor of agricultural economics, to head the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Subsistence Homestead Division. Wilson had scarcely settled his family in Washington when he and his wife were invited to the White House. What does one wear to dinner with the President? he amiably inquired at Garfinckel's, Washington's leading department store. Nor did he know what he would do with his car if he arrived at the White House in it. So he and Mrs. Wilson drove to within a few blocks of the President's house, parked, and took a taxi the remaining way. Once inside such anxieties vanished before the thoughtfulness of the Roosevelts as hosts. The talk, moreover, was heady, the company congenial. The other guests were Frances Perkins, the Henry Wallaces, General Hugh Johnson, Admiral Byrd, the Leonard Elmhirsts, Nancy Cook, and the President's closest advisor, Louis Howe.

Most of the talk was about West Virginia and the possibility of resettling the miners. But it was more than that. New vistas of human betterment cast their spell over the evening. The real bond between the Roosevelts and Wilson was the dream they shared that the resettlement program could show the way to a new type of civilization for America. Rural sage, President, First Lady, Louis Howe, and the Elmhirsts, who were engaged in their own experiment in rural revitalization on a 2,000-acre medieval manor in Devon, England, exchanged ideas and hopes on the reshaping of village communities in order to serve the growth of a new type of socially minded individual.

Dorothy Elmhirst, like Eleanor, had belonged to New York society when it was Society. She was the youngest child of William C. Whitney, financier and Secretary of the Navy in Cleveland's first cabinet. Like Eleanor she had attended a Roser class which had met in her father's Fifth Avenue mansion, and also like Eleanor she had broken free from her environment and upbringing to become a woman of broad sympathies and unorthodox ideas. She and her husband, Willard Straight, had founded *The New Republic*. After his death she had married Leonard Elmhirst and with him had purchased Dartington in Devonshire, where they were trying out some of his ideas on how to halt the drift away from the countryside. In order to raise the standard of living they had introduced light industries and built housing, and they had encouraged the development of arts and crafts as part of rural life and everyday amenity. Leonard Elmhirst, a student of medieval history, embellished his description of Dartington with references to the manorial system, where there had been security, a sense of belonging and rootedness, and, to a considerable degree, self-sufficiency. Everyone was fascinated. The Dartington concept was not too far from Wilson's "community idea."

"The conversation was very jolly. You felt completely at home," said Wilson. As he bid Mrs. Roosevelt good night she said she would ask Clarence Pickett of the Quakers to come down immediately so that they could talk further. "That's when we got started with Mrs. Roosevelt," Wilson added, as if he were recalling the advent of a hurricane.

A few days later Wilson was informed by E. K. Burlew, Ickes' assistant, that it was evident "the President and Mrs. Roosevelt were going to have a great deal of interest in this. I think they will want Clarence Pickett to be associated with you in charge of it." The "rip-snorting pragmatist and Iowa farm-boy," as Wilson described himself, spent an afternoon with social-gospeler Pickett, who had been raised on a farm in Kansas, and they became friends. They agreed that Pickett would handle the resettlement of stranded miners in Appalachia and Wilson would concentrate on stranded farmers.

No Brief for Tape

Louis Howe was as interested in resettlement as the President and Eleanor. To him its most promising feature was the chance it afforded to

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

encourage industrial decentralization. The program, "if successful," he said on WNBC, "will revolutionize manufacturing industry" within 20 years and might be the answer to urban congestion. Howe seemed to Wilson "all skin and bones," a man who sensed that he was in a race with death, and for that reason, thought Wilson, in a hurry to launch these new programs. He badgered, cajoled, and ordered Wilson and Pickett into action in West Virginia. A local committee composed largely of university agricultural experts recommended the purchase of the Arthur Farm, 15 miles southeast of Morgantown, near Reedsville, as the site for the first project. Used as an experimental farm by the university, the 1200-acre estate could be acquired cheaply since it was about to revert to the state for unpaid taxes.

But how did one purchase a farm as the agent of the government? "There were endless rules," Pickett discovered. Had the limitations been respected Pickett doubted the four settlements for the stranded miners would ever have been built. Howe set them an example in cutting through the bureaucracy and red tape. The President, Mrs. Roosevelt, and he were all agreed that the Arthur estate should be purchased, Howe told Wilson. He wanted it appraised and he wanted an architect to go down and draw up plans for a community house, and he wanted this done in two days. He also wanted a topographical map—he wasn't sure what for, but the President said they should get one made immediately.

The Treasury Department, after a phone call from Howe, provided the architect. Interior sent down the appraisers, but the topographical map engendered a minor crisis. The Land Office, "full of old people," was "flabbergasted" by Wilson's request and referred him to the Army. Burlew, a long-time Interior official, who knew everything about the department, finally dug up two civil engineers in the Reclamation Service. It would take them 30 days to make a map, they reported to Wilson from Reedsville. "Where did you get them?" an indignant Howe wanted to know. Wilson said Burlew had provided them. "Who the hell is this man Burlew?" Howe flung out at him. Wilson explained that he had been around Interior a long time and was very knowledgeable. "Rabbit," Howe said, turning to his secretary, "get me E. K. Burlew in the Interior Department." When Burlew came to the phone, Howe introduced himself and said coldly, "I don't care how they do it or what they do to do it, I want that map in a week," and then hung up.

"What kind of an unreasonable man is Howe?" Burlew complained to Wilson, careful, nonetheless, to fulfill Howe's order. With the assistance of personnel from the Coast and Geodetic Survey and an Army plane, the map was provided within two days. Howe's face lit up when Wilson brought it in. "You go back and buy that place right away."

On October 13 Ickes announced the purchase of the Arthur estate and said that 200 families would be resettled on this first project. Bushrod Grimes, a native of the area and the Extension Service worker in charge of the subsistence garden program in the county, was appointed manager of Arthurdale. (The new settlement was also called Reedsville, the town to which it was closest.)

Snags and Backlash

All Eleanor's executive ability, her doggedness, and her influence were now placed at the disposal of the fledgling project, for she firmly believed that what was done in a single community might show the way to a nation. She saw Arthurdale as a laboratory for all the new communities. She wanted it to have the most advanced educational system, a model public health service, producer and consumer cooperatives, and a program of handicrafts and music that would preserve the folk culture of Appa-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

lachia. This was a job Franklin had given her to do. Arthurdale was her "baby" and she interested herself in every detail—the selection of the homesteaders, the choice of a principal for the school, the initiation of a children's clinic. She shopped for refrigerators and inspected plumbing fixtures. Pickett took her to see a self-help group, the Mountaineer Craftsmen's Cooperative Association, which produced attractive maple furniture, including the Godlove chair. That led to a decision to transfer the Association, which was operating out of a junk shop in Morgantown, to Arthurdale and to equip the new homesteads with its products.

By November 7 the first contingent of 25 miners and their families moved from the coal-camp shacks to Arthurdale, temporarily quartered in the old Arthur mansion. Nine days later another 11 families followed. They would help to put up the 50 prefabricated houses that Louis Howe had ordered. There was even talk that some homesteaders would be eating Thanksgiving dinner in their own houses.

The key to Arthurdale's economic soundness—whether the transplanted miners would be able to make a living and also pay the government back the $1.5 million it had advanced to the project—was the establishment of an industry. In October the Public Works Administration allocated $525,000 to the Post Office Department in order to erect a furniture factory in Arthurdale where post office equipment would be produced. The proposal seemed to pinch a neuralgic nerve in the body politic, and by January Congress was resounding with protests from the defenders of free enterprise. The factory would "wipe out private industry," Representative Taber warned. "Just a proposition to further the socialistic programs already launched by the Administration," agreed his Republican colleague, Representative Foss of Massachusetts. Republican ideological protests were given point by more down-to-earth anxieties voiced by Democrats. The proposal would work an injustice on unemployed furniture workers "in my state and in every state which has a furniture factory," objected a North Carolina congressman. Representative Ludlow of Indiana, whose district was the home of the Keyless Lock Company, which manufactured locks for post office boxes, went to see Louis Howe. The Arthurdale factory would take away business from it and throw men out of work, he complained.

Howe thought he had pacified Ludlow, but a House rider on a Treasury appropriation bill, January 26, 1934, introduced by Ludlow, prohibited the expenditure of Post Office funds for equipment manufactured at Arthurdale.

Eleanor had begun to interest Bernard M. Baruch in Arthurdale, and she invited him to see it for himself. On June 7, 1934, when the first homesteaders were formally installed in their newly built houses, he and Mrs. Ickes went along. The hard-headed Baruch was moved. "I can never get out of my mind the faces of those people I saw the day we went to Reedsville," he wrote six months later. Baruch carried great weight on the Hill, where a considerable number of senators and representatives were beneficiaries of his largesse, but even Baruch's sympathetic interest in Arthurdale did not change House sentiment about the factory. In mid-June the proposal to have the government finance a factory was finally killed.

Bring Your Own Ice Box

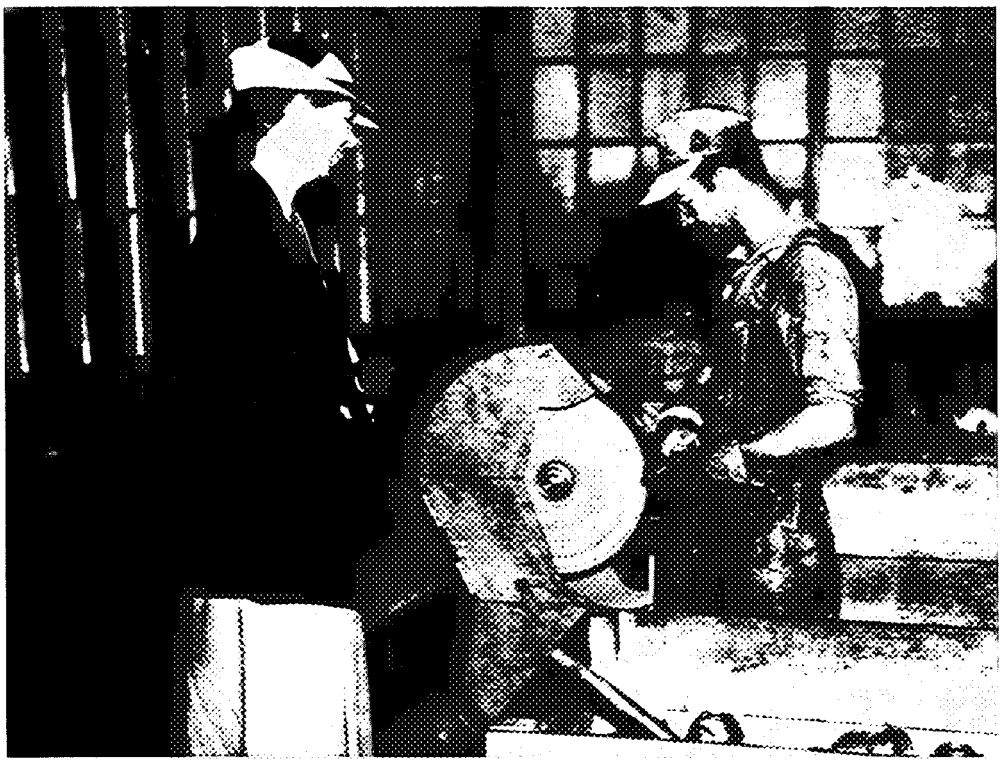
The defeat of the government factory was a major setback. The efforts to get an industry for Arthurdale were further hampered by the rulings of Comptroller General McCarl, who refused to allow government funds to be used to subsidize private industry on the projects. McCarl is "not only a Republican," fumed Ickes, "but. . . a reactionary Republican." At Baruch's suggestion,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Eleanor spoke with Gerard Swope of General Electric, who was a supporter of the resettlement idea. For a brief period a subsidiary of General Electric operated a vacuum cleaner assembly plant in Arthurdale but closed down for a lack of orders. Throughout the thirties Eleanor tried to get an industry for Arthurdale. Businessmen who wanted entree into the White House would raise her hopes with big schemes and promises, and one even established a branch of a shirt factory, but at no time during the decade was more than a third of Arthurdale's labor force employed by private industry. As the prospect of employment faded, the problem of how the homesteaders were to pay for their homes and achieve a decent standard of living became less soluble. It produced a series of clashes between Eleanor and Ickes.

The prime question was: if the government were creating a new community in which a factory it would build and the farmlands it would purchase would set the levels of livelihood, what should those levels be? Eleanor thought that Arthurdale—indeed, the $25 million set aside for the whole resettlement division—should be used as seed money to show what could be done through social and economic planning to create a better life for people. If the objective was to place "as many people as possible in as cheap houses as possible, then I think the 25 millions had much better be turned over to the relief administration, " she stated.

The higher standard which Eleanor sought, she felt, should include indoor bathrooms, a new type of rural school that would be the center of community life, and an innovative rural health program. Shown four alternative budgets for the homesteads by Ickes, she chose the most costly. She and Howe fought for refrigerators. Charles F. Pynchon, a Chicago building contractor whom Ickes, distrustful of Wilson, named to manage the Homestead Division in a businesslike



LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

way, omitted refrigerators from the Arthurdale plans. Everyone owned an icebox, he assumed, and the homesteaders could bring along their old ones. But few of the miners had them, Pynchon was told, when a furious Howe upbraided him for the omission: "I know Mrs. Roosevelt will be shocked because she has been looking over and picking out refrigerators for some time."

At times Ickes seemed to agree with Mrs. Roosevelt that resettlement should be a pioneering division within the government and that Arthurdale should be *the* demonstration project. He had heralded the purchase of the Arthur estate as the beginning of an experiment that would show "the way to a new life for many others." But he was a suspicious administrator who liked to keep a tight control over every reach of his domain, and Wilson's direct access to the White House vexed him. Ickes' office planted a secretary on the unsuspecting Wilson who notified Ickes' assistant, Burlew, whenever Wilson was called to the White House. Obsessed by the fear of graft, Ickes insisted that the homestead communities be administered by Washington. Wilson, a Jeffersonian, wanted them to be self-governing, the responsibility local. So did Eleanor. "She was a great community person," Wilson observed, "and she believed that since these units were small, since they were experimental, there must be a maximum amount of local interest and local initiative in them." In the spring of 1934 Ickes overrode Wilson and federalized the 50 projects that had been announced, whereupon Wilson resigned and went to agriculture as assistant secretary.

The first 50 projects were of three types—experimental farm colonies, homestead-garden colonies located within commuting distance of some type of industrial employment, and four settlements for stranded miners in Appalachia. Of these Arthurdale alone escaped the Secretary's executive clutch.

"I am becoming worried about the Reedsville, West Virginia, project," he wrote in his diary, December 2, 1933.

> I am afraid that we are due for some criticism for our work there. In the first place, we undertook it too hastily. Colonel Howe, in a rash moment, told the President that we would start work within three weeks. . . . The result has been that we have rushed ahead pell-mell. I am afraid that we are spending more money than we have a right to spend. Another thing that bothers me is that Colonel Howe, with I think the approval of Mrs. Roosevelt, wanted us to enter into a contract for some 60 or 75 knock-down houses. I understand that these houses are only 10 feet wide and I am afraid that they will look a good deal like a joke.

One Big Headache

Howe's prefabs also became an albatross around Arthurdale's neck. He had ordered the 50 Cape Cod houses at a cost of $1,000 apiece over the telephone. Eleanor had tried unsuccessfully to argue him out of doing so, and when she visited Arthurdale she went straight for the first of the prefabs which had been put up. Pickett reported to Wilson her great disappointment. "She said she should have stopped Louis Howe from ordering those houses. She was afraid they would turn out to be just exactly what they were when she saw them." Their size was less a problem than their flimsiness, designed as they were for Cape Cod summers, not Appalachia winters.

"We had 50 families out there in freezing winter weather sleeping under tents," Howe later said defensively. "We had to find accommodations for them somehow." The houses were a blunder, whatever the excuse. The blunder was compounded when the foundations that had been prepared for them proved to be too large. As a consequence the homesteaders who had hoped to be in their houses by Thanksgiving did not move in until June 7, 1934.

The debate over the size and design of the homestead houses, and, more generally, the standard of living that should be aimed at in the new settle-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ments was fundamental and prophetic of later controversies over what constituted poverty and the government's responsibility to end it. Eleanor's view was that everyone had a right to a decent standard of living. Ickes feared that failure to keep the costs down might mean loss of "the popular support that is absolutely essential if we are to carry through the program at all."

The criticism was not long in coming. An article in the anti-administration *Saturday Evening Post*, "The New Homesteaders," focused on Louis Howe's prefabs, how "the camp houses" had been "slowly tortured" into shape and buried "in a meringue of wings, bay windows, fireplaces, porches, terraces, and pergolas." Eight wells had been drilled and were abandoned when the architect changed his mind about the location of the houses. Each enameled sink was equipped with a "large size patented grease trap which cost $37.50," and which the author said was unnecessary. Arthurdale, he wrote, was an example of New Deal bungling and an object lesson in what happens in a planned economy.

Arthurdale also drew the fire of the Communists. While conservatives complained that the government was subsidizing a life of middle-class affluence, the Communists attacked the homesteads as a design "for permanent poverty." Harold Ware, the Communist party's agricultural expert, collaborated on an article for *Harper's* in which he not only made fun, in a heavy-handed way, of Howe's truckloads of ready-made summer houses, but laboriously uncovered fascist implications in the homestead movement. If the West Virginia projects were a pattern for anything, they were "a pattern for the decentralization of poverty" and the establishment of "a state of serfdom."

"Of course, the Reedsville project is just one big headache and has been from the beginning," Ickes grumbled in his diary. There was Howe's initial mistake. "And then Mrs. Roosevelt took the Reedsville project under her protecting wing with the result that we have been spending money down there like drunken sailors—money that we can never hope to get out of the project."

Ickes thought the President was swinging around to his views on cost: "As the President remarked to me: 'My Missus, unlike most women, hasn't any sense about money at all.' " Ickes also thought the President would cut back expenses on the homesteads:

> The President's idea is to build an adequate house and not even put in plumbing fixtures, leaving that sort of thing to be done later by the homesteader as he can afford them. He remarked yesterday that he had not yet dared say this to the people (undoubtedly meaning Mrs. Roosevelt) who wanted the houses built with all modern improvements.

The President's Privies

Two days after Ickes made this entry, the voters overwhelmingly endorsed the New Deal in the 1934 congressional elections. Buoyed up by this unprecedented vote of confidence, Roosevelt was determined to push forward with his program, including a massive expansion of the subsistence homestead movement. He had also decided to take the program away from Ickes. The day after the President told Ickes he was considering turning over the Subsistence Homestead Divison together with a rural housing program to Harry Hopkins' FERA, Ickes wrote in his diary, "I won't be at all put out if I lose Subsistence Homesteads. It has been nothing but a headache from the beginning." But he continued to grumble about Eleanor's role in the affairs.

Roosevelt may have considered his wife extravagant, although within the family she was noted for frugality, or he may have been easing the blow to Ickes at the expense of his wife, for the President shrank from hurting people's feelings and many men have

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

directed resentment away from themselves with the protest that they could not do anything with their wives. Whatever Ickes' impressions of the President's views on plumbing, Roosevelt told Rexford Tugwell and Dr. Will Alexander, when they took over the Resettlement Administration, the successor agency to the Subsistence Homestead Division: "These people ought to have plumbing. There's no reason why these country people shouldn't have plumbing. So put in plumbing. Put in bathrooms." But try as the Resettlement people did to get plumbing "within an economic budget," they never managed it. "It was always something that they couldn't pay for," Alexander recalled. On one occasion Tugwell went over to the White House to inform "the Boss" that "if he has his plumbing, he's got to let us subsidize it." Tugwell was gone all morning. His aides, all agog and sure that great matters of state must have been under discussion, demanded to know what had kept him when he returned. He had explained to the Boss their difficulty with fitting bathrooms into a house that the homesteaders would be able to pay for "and he [Roosevelt] got to drawing privies." The presidential anteroom was crowded with ambassadors, bankers, politicians, and the President had spent the morning drawing privies, Tugwell reported. Privies it was in the end. Resettlement became the Farm Security Administration in 1937, and the new agency eliminated indoor plumbing from the houses built in the South.

Most of the Arthurdale houses, however, had already been built, and all had bathrooms. The cost issue there was how much the government should charge the homesteaders for the houses and how much should be considered government subsidy. Mrs. Roosevelt asked Baruch to examine the figures and give her a businessman's judgment. "You have told me to treat this as if it were my own matter," Baruch agreed, "and I propose to follow out your request until you tell me not to."

She was grateful to Baruch for his help, and their relationship in the course of their work for Arthurdale had blossomed into friendship. There was, no doubt, an element of calculation on both sides, but also there was genuine affection. Baruch, before Chicago, had been one of the leaders of the stop-Roosevelt drive and while he had sought to make up for his mistake by the generosity of his campaign contributions, it was Roosevelt's policy to give him the feeling he was an insider while in fact keeping him at arm's length. When Baruch came to Hyde Park after the Chicago convention, it had been Eleanor who drove him around, and increasingly it was Eleanor and Louis through whom he maintained access to Roosevelt.

After a little trouble in getting what he called the "rock bottom figures," Baruch concluded that of the $1,597,707 that had been budgeted for Arthurdale, $1,037,000 would have to be charge-off to the government. To ask the homesteaders to pay more than $3,000, he thought, would place unbearable burdens upon them. A million-dollar charge-off to the government did not seem lavish to him. The excess of actual costs over estimates was "not much larger relatively than a great many business and engineering precedents in other pioneering." And Eleanor could quote him if she wished. She herself assembled statistics on the millions private industry spent on research; if such outlays were justified to develop new ways of manufacturing, the government was justified in putting "a little money into experimenting in new methods of living," she wrote.

What's a Community?

The contrasting reports that came to her at the end of 1934 from Arthurdale and nearby Jere vindicated government action on the basis of plans and concepts that everyone realized would have to be revised, not once but often. The Communists were

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

making considerable headway among the Jere miners, reported Alice Davis, the Quaker relief worker who had first shown her around Scotts Run, and it seemed to her "just a race against time—whether we can get them into decent living conditions and decent ways of thinking before they are led to violence." She might be working with the Communists herself, she added: "If you and Mr. Roosevelt had not come to lead the people, I think many of us might have been thinking differently." Eleanor put that letter into Franklin's bedside basket.

A few weeks later a wholly different report from West Virginia went into the President's basket, and Eleanor also sent a copy of it to Justice Louis D. Brandeis, who at dinner at the White House had been fascinated by her account of the efforts of the resettled miners, so like those of the Palestine settlers, to make a new life for themselves. This report was from Elsie Clapp, the progressive educator whom Eleanor had brought in as principal of the school in Arthurdale. It was about Christmas in Reedsville.

> Such joy. I wish you could have seen it. The toys you gave reached every boy, girl, child, baby. And, best of all, out of their abundance, the homesteaders on their own initiative made up several Christmas boxes for some people near us who are very poor and miserable. . . . We cut our tree, brought it in and decked it. We gathered our Christmas greens from the woods. . . . Christmas Eve at seven-thirty we gathered in the Assembly Hall. Carols which the children acted out orally, the old Bible story, presented by everyone. . . . The whole Christmas drew the community together. . . I was needed only to help. It was theirs entirely.

Eleanor set great store by the school. It would be up to the school, she had told Elsie Clapp when she interviewed her for the job of principal, not only to educate the children but to reawaken hope in the homesteaders, show them how to live more satisfying lives, indeed, to breathe life into this new community. This assignment did not faze Miss Clapp, a protege of John Dewey who had been applying progressive education principles to rural education at the Ballard Memorial School in Kentucky. "If I can teach these mothers," Miss Clapp told Eleanor, "that cold pancakes and coffee aren't good for babies, my two-year-olds will be much healthier." The curriculum was adapted to the special needs of the community, the learning experiences organized around life problems that the community faced. Under Elsie Clapp's leadership, the school became the center of almost every community activity. She fostered a regional cultural movement, and a summer music festival that she and the homesteaders inaugurated featured "Jig-Dancing," "Ballad Singing," "Mouth-Harping," a "Fiddlers' Contest," and a "Square Dancing Contest" in which Eleanor was a participant.

An expensive experimental school did not seem a legitimate charge upon the government, so Eleanor raised most of the operating expenses from private sources. Baruch was the most generous, beginning his contributions with a check for $22,000, a response, he wrote, to Eleanor's "rare combination of intelligence and great heart." In order to be able to contribute herself, Eleanor resumed commercially sponsored radio broadcasts, the proceeds for which went to the American Friends Service Committee to be earmarked for the purposes she indicated. In the autumn of 1934 she received $18,000 for six 15-minute broadcasts, of which $6,000 went for the salary of Elsie Clapp, another $6,000 to establish the handicraft center at Arthurdale under the direction of Nancy Cook, and the remaining $6,000 for health work.

At times she seemed to be almost a commuter between Washington and Reedsville. When she was asked whether it was not a burden to travel to Arthurdale so often, she cut the questioner short with the reply that she enjoyed the company of the homesteaders. She liked them. She

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

knew the names of the children, kept track of their ailments and their achievements. She chatted with their mothers about canning recipes and joined in the Virginia Reel with their fathers. She had a "folksy and homelike way with the homesteaders," Wilson recalled, "as though she had always lived in the community and had just come back from having gone for a couple of weeks."

Rexford G. Tugwell, who as Undersecretary of Agriculture inherited the Subsistence Homestead Division from Ickes when, in May, 1935, Roosevelt combined it with the rural rehabilitation program of Hopkins' FERA and the soil-reclamation activities of the AAA (Agricultural Assistance Administration), was also baffled by his relationship as resettlement administrator to the First Lady, even though they were on terms of genuine cordiality. A man of superior intelligence, more detached about his ambitions than Ickes, Tugwell admired the First Lady's relationship to government. She had rallied to his support when the food and drug interests fell upon him because of his sponsorship of an effective food and drug bill. The conservative press dug up a poem he had written as an undergraduate and quoted the line, "I shall roll up my sleeves—make America over!" to prove his subversive intent, which had only strengthened Eleanor's admiration for him.

Tugwell considered resettlement realistic as a way of moving farmers off exhausted soil but not as a remedy for industrial unemployment or urban congestion. People go to employment, not employment to people, he had stated, as if it were an iron law of economics; and if industries could be persuaded to decentralize, the new communities which formed around them would become company towns. Nor did he believe urban growth could be halted. But Eleanor refused to accept as inevitable what she felt ought to be resisted, even if the man she was opposing was as brilliant as Tugwell. She was, Tugwell wrote in *The Democratic Roosevelt*, "naive about many things—after all, she had a very defective education."

So although they were confederates, they had reservations about each other. Like Eleanor, Tugwell believed that these new communities should set a pattern for a new America and that the managers of the homesteads, therefore, had social and educational responsibilities, not simply economic and engineering ones. He convened a conference at Buck Hills Falls to assess these responsibilities. How could these communities be vitalized? Tugwell asked the group, which included anthropologists and psychiatrists as well as rural planners and managers. "A community does not consist of houses, and it does not consist of houses and schools and roads and water systems and sewers either. There is something else to a community besides that. We are trying to find out what it is if we can, and, if we can bring it into being, to make it come alive."

Painful Adjustments

Arthurdale had achieved the sense of community for which Tugwell was groping, and Eleanor hoped that that spirit would not be a casualty of the reorganization. She liked the plan which Tugwell had told her about at Buck Hills to form community corporations which would lease the land and houses from the government and in turn give long-term leases to the individual homesteaders. Outright sale of the houses, Tugwell feared, might expose the colonists to speculators and make land-use planning and corporate commercial farming more difficult. But Eleanor foresaw difficulties at Arthurdale, where the homesteaders had been led to believe that ownership of their homes would be vested with them individually, not with the community, and that the costs would be based on what they could pay.

Limited funds compelled the Resettlement Administration to re-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

duce the wages of the homesteaders who were employed on community construction projects, and the cuts were devastating the homesteaders, a frantic Elsie Clapp told Eleanor. "I quite realize that what has been done is necessary," Eleanor wrote Tugwell, "but I think it ought to have been done in each of the homesteads not by a mere notice, but by someone who really understood the reason and who could put it to the people." If there was to be a wage reduction, she went on, there would have to be a corresponding reduction in the payments made by the homesteaders on their homes. "I can imagine that your problems are so many that what may happen to the people in one homestead does not loom very large, but after all this is the first and the one most criticized and under the public eye. I hope you will not think me an interfering old hen." Despite the disarming final sentence, she did not relax her pressure on Tugwell. The homesteaders sent her a petition, underscoring the injustice of wage reductions without corresponding reductions in what they had to pay. She sent it straight to the President, telling him, as she informed Elsie Clapp, that "my feeling was that in the effort to be efficient from the economic standpoint, I thought perhaps the division was forgetting the important human element, and that I hoped he would keep in mind the fact that I wanted him to go down and get a picture of the human side for himself."

Eleanor felt a responsibility to the homesteaders, to whom the government had made commitments, many of them through her. Sympathetic as she was with Tugwell's efforts to rethink the government's homesteading policy, she felt a new approach must take those commitments into account. Yet she was alive to Tugwell's problems. When Elsie, in her zeal for the homesteaders, charged into Washington to get action on an Arthurdale payroll which had been delayed because of Treasury funding problems, Eleanor rebuked her. "The fact that you visited the Treasury caused three people to telephone Mr. Tugwell to find out if you were speaking with authority for him. As you know this would annoy a man who feels that his Administration must begin to function." It would be wiser for Elsie to keep out of the administrative side, she suggested, and if problems did arise, to go through regular channels or through her.

Shrinking Objectives

When Baruch went to Reedsville to try to sort out the problems there that urgently called for decision, he went alone because Eleanor thought the settlers might say things to him they would be reluctant to say in front of her. Baruch's survey had a wider application than Arthurdale. While some of its problems were unique, the more basic difficulties were characteristic of many of the new communities. A decision had to be made soon, he informed Eleanor, about how Arthurdale was to be governed. Would it be local or would it continue to be run from Washington? In any event, he wrote, "there must be some method of getting quicker decisions than there is now." Those in charge at Arthurdale, when Baruch finally got them to speak frankly, complained sharply of "their inability to get decisions or to cut the red tape, even in getting materials."

It would be impossible to carry out the plan for a rural-industrial community as originally envisaged, Baruch advised Eleanor, but she must not feel that the effort had been wholly a wasted one. Arthurdale had demonstrated that there could be "human rehabilitation" after long periods of unemployment. But it was difficult to build new communities with old minds. For years the miners had felt themselves to be social and economic outcasts, and now their deepest wish was not to be something special but to be like other Americans.

The one instrumentality that had helped to reshape attitudes was Elsie

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Clapp's school at Arthurdale. Yet even this heavily subsidized school, with its progressive methods, made the homesteaders uneasy; they wanted their children to be taught the three R's like the rest of the children in West Virginia. Moreover, Arthurdale's bleak economic prospects worked against the initiative and self-reliance that the progressive curriculum sought to instill. Men without jobs find it difficult to plan and to keep ambition alive. That was the point made by the educational foundations when Baruch asked them to help finance the school. Without industries, without jobs, they told him, the school could not succeed. "I want to say again that in this I heartily concur," Baruch wrote to Eleanor.

She went along with Baruch's conclusion, although reluctantly. He had spoken with Elsie Clapp about taking her task force of teachers to another community where the economic prospects might be more conducive to the long-term support of a costly experiment in progressive education, and Eleanor hoped the group might return to Arthurdale if the economic situation there were to become more stable. But without Baruch's moral as well as financial support she did not feel she could insist on going on with the school. She met with Tugwell and his aides to inform them of Baruch's decision and her own concurrence, as well as Elsie Clapp's. She had expected Tugwell to welcome the news since he considered it time the homesteaders tied in with the West Virginia school system, but Tugwell was unhappy, she reported to Baruch, and "rather took my breath away" with the statement that "the morale at Arthurdale and conditions there were 90 per cent better than in any other homestead, entirely due to the school." Her five-page single-spaced report to Baruch on what she had done about the school situation asked for his approval: "I hope you will feel I have acted wisely and have done what you would have done, for I value your good opinion and cooperation more than I can tell you." She let him out of his commitment, but she continued to subsidize some of the school salaries. In 1939 her contribution was $2,677.49.

Eleanor went to Arthurdale to tell the homesteaders the decision about the school and explain the importance of carrying on the work "on their own responsibility and to tie themselves in in every possible way with the State, the county, and the general neighborhood." She was not withdrawing her support for Arthurdale, she sought to reassure them. "I stressed to them that I was not in any way lessening my interest and would be there as often as I had been in the past" to work with their own school people.

She kept her word by continuing to go to Arthurdale at commencement time to hand out diplomas until her last year in the White House. She also continued to bring friends to Arthurdale and to enlist their help for special projects—such as a library—voted by the homesteaders. In May, 1938, the President yielded to her proddings and made his often-deferred visit to Arthurdale, hailing it as an example of "the awakening of the social conscience of America." Businessmen who cultivated Eleanor in the hope of obtaining access to the President suddenly realized that she was cultivating *them* in the hopes of getting an industry for Reedsville. Arthurdale struggled along, but at the end of the thirties the weekly reports on employment showed that the majority of the homesteaders were still on the government work-relief payroll. The problem of an industry and full employment was finally solved in World War II; when the government began to offer defense manufacturers generous tax incentives and subsidies to expand their plants and facilities, Eleanor, backed by Baruch, pressed the men in charge of the defense program to keep the needs of the homestead communities in mind. Arthurdale's employment problem vanished when the Hoover Aircraft Corporation, attracted by its

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

labor force and railroad facilities and with little risk to itself, since the government was underwriting the expansion, leased several of the buildings the government had built in Arthurdale and began operations.

Learning Too Late

Arthurdale was a chastening experience. It taught Eleanor that a President's wife who undertakes a specific job in the government faces double jeopardy: she is without real authority yet she is expected to perform miracles. When she does assert leadership it is resented and resisted. And if she does not, officials try to anticipate what she wants done. Tugwell was one of the most strong-minded and independent men in the Roosevelt Administration, and yet he had been at a loss as to how to deal with the First Lady. "I had been told that he did not tell me his exact feelings because he felt everything I wanted must be carried out," Eleanor wrote Baruch.

Eleanor's patronage of Arthurdale and the subsistence homesteads insured them plenty of publicity and attention, which had its good aspects, especially in helping the underprivileged feel that the government cared about them. Officials tried harder as a result of Eleanor's interest to make the experiment succeed. The public conscience was stirred.

But there were also adverse consequences to the publicity that attended Eleanor's sponsorship and interest. A pilot program by definition must go through a period of trial and error, of mistakes and failure. Eleanor's presence not only mobilized the Administration's friends but attracted its enemies, and critics pounced upon every mistake and magnified it to the limit. In this respect, Arthurdale might have benefited from less publicity.

Then there was the effect of Eleanor's involvement on the homesteaders themselves. Her readiness to help and her belief in the experiment and in the homesteaders gave them courage and was an added incentive to succeed. "I do not believe in discouraging people when there is anything to encourage them about," she replied to a critic who taxed her with closing her eyes to the problems in one of the settlements; "I think there is a tremendous amount in the psychology of hopefulness," she wrote Major Walker, one of the top officials of the program, complaining that every time the regional staff people visited the homesteads there was a slump in morale. But the homesteaders, as she herself noted on other occasions, were not angels—far from it—and her efforts to be helpful to them made them dependent and too easy on themselves, so much so that on one occasion when the school bus broke down they brought it to the White House garage for repairs. Presidential aide "Pa" Watson stopped that. That was an extreme case, but too many homesteaders, Eleanor confessed in 1940, seemed to feel the salvation for all their problems was to turn to the government, and she was disappointed by their unwillingness to shoulder their share of responsibility.

"How do you get these people to consent to such a program?" she asked David E. Lilienthal, head of the Tennessee Valley Authority, when he came to the White House to talk to her about the effect of the TVA on people. Lilienthal, who considered her "a beautiful spirit" but felt that she had a "social worker angle on a world that is tough and bitter and hardly amenable to such tampering with systems," had long hoped for a chance "to teach her some reality about economics." He saw his opportunity when she gave a troubled account of the efforts at Arthurdale "and how she now saw that bringing in factories from the outside wasn't the right way, even when it could be done; that our way of making something happen out of the materials at hand, and by knowing the particular problems intimately, was much wiser." When Eleanor repeated her question about how the TVA got people to change their way of doing things, Lilienthal

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

told her of "grassroots methods, and the technique of demonstration and learning by doing and by example. And being close to the problem because we are a regional, not a Washington outfit."

"She is a very intelligent person," Lilienthal noted in his journal, "and she got it, and I think will pass it along to a member of the household who, God save the mark, can stand some education along the same line."

Not Learning At All

But neither the conceptual mistakes of Eleanor Roosevelt and of M. L. Wilson nor the political vulnerability of Tugwell explain why this bold and imaginative attack on rural poverty and urban congestion was in the end liquidated by Congress. It was the firm commitment of the Farm Security Administration to the goal of ending rural poverty that alarmed the conservatives, because it threatened the traditional power structure in agriculture in general, but particularly in the South, where many of the FSA benefits flowed to the Negro. And so when the war came, giving the New Deal's enemies the chance to kill off some of its most innovative programs under the pretext of cutting nondefense expenditures, the FSA was included. There were 99 communities at the time of its final liquidation; 10,938 homesteads had been built at a total cost of $108,095,328, or a unit cost of $9,691, which included the cost of community facilities and management. Arthurdale, with a unit cost of $16,635, had been the most expensive.

"These projects represent something new," President Roosevelt said in his Arthurdale address, "and because we in America had little or no experience along these lines, there were some failures—not a complete failure in the case of any given project, but partial failures due to bad guesses on economic subjects like new industries or lack of markets." But there were lessons to be learned from this "bold government venture," lessons that would save "a hundred times their cost in dollars."

But the lessons were not learned. Instead of a planned approach to the related problems of the flight from the farms, urban congestion, and industrial decentralization, the outcome was left to the unchecked operation of social and economic forces that ultimately produced the crisis of the cities.

When Eleanor Roosevelt appraised the Arthurdale experience in the second volume of her autobiography, she acknowledged that money had been spent wastefully and that the financial returns to the government had not been satisfactory, but in extenuation she pointed to the human beings saved: "Oh, yes, the human values were most rewarding," she stoutly maintained.

Her defensiveness was a tribute to the hold that the free-enterprise ethic had regained in the postwar era. "Sell it off—regardless" was the attitude of the National Housing Agency, which fell heir to Arthurdale. The final cost to the government of liquidating Arthurdale's 165 houses, hillside inn, forge, weaving room, furniture-display room, and 57,250 square feet of factory space in 1946 was in the neighborhood of $2 million. To Americans of the '70s, accustomed to the expenditures of billions on space and weapons research and hundreds of millions on health research, this will scarcely seem like heedless extravagance.

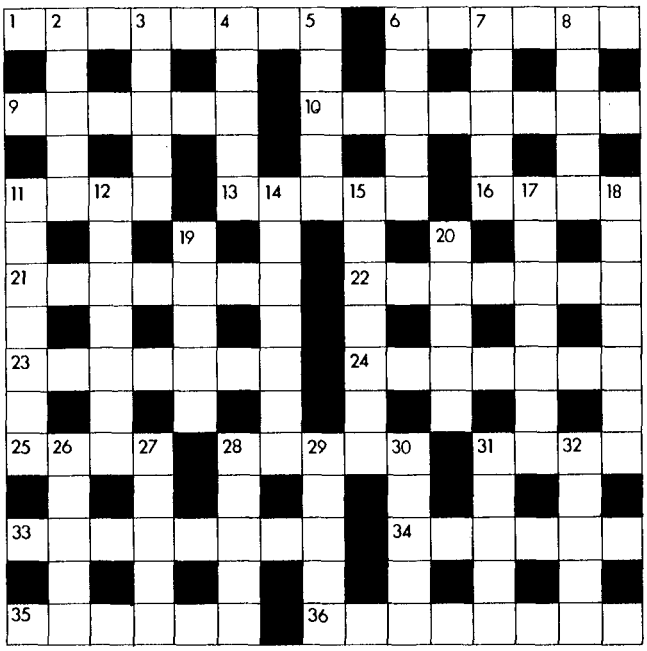
If experiments like Arthurdale were not justified, Eleanor wrote to a critic in 1934, then "we must go along the beaten path and be contented with the same kind of living which has driven people out of rural districts in the past and into the cities where they have become equally unhappy under present industrial conditions.

Unhappily, what in 1934 was a defense of a New Deal program turns out three decades later to have been accurate prediction. ■

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Political Puzzle

by John Barclay



ACROSS

1. Last half backward first doesn't help. (8)
6. The informed find it in the index, perturbing no one. (6)
9. You can't watch time elapse if you fall. (6)
10. He must have a monorail in mind. (3, 5)
11. Play around between April and proof. (4)
13. Looks sweet between sugar and cane. (5)
16. It falls between tear and out. (4)
21. They are at home between alter and on. (7)
22. It falls between Shrove and weld. (7)
23. It marks the end matrimonially, 7 out of 8 at least. (7)
24. Make it unnecessary to be a Roman, six years from now. (7)
25. Always falls between for and more. (4)
28. Something pure between awful and serum. (5)
31. Something gone between stone and line. (4)
33. Reason why not to see tripe run at Bijou these days. (8)
34. A good time to do many things. (6)
35. Checked around and found old pro was first? (6)
36. Greases fifty palms with generosity. (8)

DOWN

2. Red description at first sours one. (5)
3. Turn between fifth and chair. (5)
4. This salad in fact was picture perfect. (5)
5. Recognized by one wink, *i.e.* not two. (5)
6. Foe gets between public and alien. (5)
7. Looks like cut down made Dad mad? (5)
8. On the right side in October. (5)
11. Does the audience hear the hoopla or eat it? (7)
12. The Democratic team in the field? (7)
14. Is the tester a conjunction-mouther? (7)
15. Automakers tried to block car improvements. (7)
17. Send out a tirade to constituents. (7)
18. Listen, delay help without 50-50 chance. (3, 4)
19. How quick foreign letter comes, par for the course. (5)
20. Really falls between top and duty. (5)
26. On the other side in Passover. (5)
27. Extracts peanuts from supernatural environment. (5)
28. Move in heartrending fashion. (5)
29. Up to the time in which I made a jaunt I liked. (5)
30. Goodman can swallow something funny. (5)
31. Jump between square and hall. (5)
32. He comes between Mac and apple. (5)

The numbers indicate the number of letters and words, e.g., (2, 3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word. Answers to last month's puzzle are on *page 46.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE SCREWING OF THE AVERAGE MAN:

The Wall Street Treatment

by Paul Dickson

The primary difference between the small child and the small investor is that, once burned, the former seldom returns to the source of his or her discomfort while the latter shows a puzzling proclivity to do so. In this regard, the experts now say that the disillusioned small investor of 1970 is showing interest again and will no doubt take the plunge at the first sign of a robust rally. In addition, of course, there are those millions of just plain folks who never got out, who swallowed their losses, weathered the financial storms, and are now waiting for the reward of the faithful: the big pay-off.

Wall Street is coming back after a series of nasty scrapes between 1967 and 1970, when confidence often drained from the ticker and when even respectable brokerage firms were embarrassed by demands for hard cash. Contrary to the scenarios of the doomsayers, 1929 did not repeat itself. Only part of the house of cards collapsed, as the tide of folding firms was stemmed at about 130, and today bright patches of bull instinct are poking through the gloom that was Wall Street 1970.

All of this is not too surprising. In accord with the survival instinct, the nation's financial establishment worked hard to keep its cookie from crumbling: face-saving marriages were arranged between healthy and faltering firms and the New York Stock Exchange pumped in over $100 million to salvage the debris left by its fallen members. Congress helped with a law that put a money-back guarantee on future firm failures and did it without attaching a lot of strings and demands for reform to its largesse. On the heels of Congress, the Securities and Exchange Commission (SEC) has put profitability back into the picture by letting brokers roll up their commission rates for buying and selling the stocks of small investors. Although Congress is showing its first critical interest since the 1930s in the mechanics of Wall Street and a healthy crop of Wall Street exposés is appearing between hard covers, the

Paul Dickson is a frequent contributor to The Washington Monthly.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

financial world faces only minor irritants compared to the more fundamental problems of survival that were overcome not too many months back.

While it is not surprising that the institutions of absentee ownership are rebounding, it is surprising that the small investor may be assembling for a lemming-like return to the same theater where he was recently cast as an expendable extra in a festival of Wall Street horror films. In chronological order, the offerings included:

The Fried Chicken That Ate the World (1967-1969). In the beginning earnest men in nice suits told us that the world was soon to be covered with fried chicken take-out stands with nursing homes out back. These stands were to be linked together with computer systems and communications gadgets and, in turn, the people who owned the stands and the technicians who made the computers work were going to create a market for zillions of pre-cut homes, muffler repair shops, and driving ranges. As it turned out in the end, the fried chicken became popular but did not take over the world (for every Col. Sanders there were dozens of troubled Daniel Boones and Minnie Pearl's Chicken Systems which never became household names), and most of those that bet their nest egg on the chicken, the little go-go computer firms, the electronic pizza ovens, and the franchised nursing homes lost out.

The Great New York Paper Explosion (1968-1969). As public expectations of a quick profit rose and hordes of new investors came into the market to speculate, volume exploded, prices soared, branch offices proliferated, and men off the street were turned into brokers. With this boom the shadow of ecological peril appeared over the Street. For as the boom began, trees fell to produce the pulp for the paper to record it, and suddenly the system began to jam. Firms lost control over their books and records, and millions in securities floated about like so many copies of yesterday's *Wall Street Journal.* At one dark moment in late 1968 over $4 *billion* in securities were lost in the shuffle and almost everywhere customers' accounts were in disarray. Initial attempts at solving the dilemma often led to compound disaster. Firms that had long preached the gospel of the computer in order to sell stocks in electronics firms grabbed for a piece of that miracle, many true believers jettisoned manual accounting for untested and malfunctioning gray boxes right there at the firm. As brokerages started to go under in 1969 more than a few could trace a major share of their demise to their unflinching faith in automation. With everyone from the RAND Corporation to the SEC pitching in, some of the worst paper problems were finally showing signs of abatement by early 1970.

The Incredible Shrinking World (1970). Even after the paper crisis, Wall Street was again caught off guard as a bizarre shrinking phenomenon took hold of virtually everything save debts, which were immune. Business, profits, volume, investor confidence, price, and the number of firms doing business were all shrinking at alarming rates. In the nick of time, the shrinkage was held with a poultice of money, derring-do, shot-gun mergers, press releases, and a pick-up cavalry from Washington. As expert witness William McChesney Martin, Jr., former New York Stock Exchange president, remarked after the line was held, "Grave injury to the public was narrowly averted by hastily organized financial operations."

Today there is no reason why these epics will not be remade. Even now, variations on the popular *Fried Chicken* are getting into production, and the tip sheets and stock merchandisers are pushing new stars like Modular Home, Leisure Community, Canada Oil, Medical Electronics, and Snowmobile. And with them, there is a resurrection of the litany about those average Joes who picked up on IBM and Xerox in 1948 and prospered beyond their belief. Some say 1967 is

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

just around the corner.

Never Say Gamble

What is perplexing is that all signs point to the conclusion that the small investor is ready to get in again even though reforms have not been made and it will cost him or her more to buy and sell. In his thoughtful, critical book *Wall Street: Security Risk*, SEC staff member Hurd Baruch reflects on the last few years and tells us, "The securities industry has repeatedly used its vast political influence to divert, delay or destroy proposals which would restrain its maltreatment of the investing public. If brokerage customers want their 'rights' to be respected by the brokerage community, it is up to them to speak out in Congress and on Wall Street itself. . . ." Will Baruch's book (and other current works like Sidney Margolius' *The Innocent Investor and The Shaky Ground Floor* and Christopher Elias' *Fleecing the Lambs: The Inside Story of the New York Stock Exchange)* serve as rallying points for the financial consumer? Probably not, since public confidence and reform have never mixed well. Says one of the SEC's young attorneys who, unlike the career-risking Baruch, is not yet willing to stick his neck out for attribution, "The problem is not one of apathy but enthusiasm. It would appear that a lot of people are eager to get in there again and mix it up—as if they look upon the last few years as a test of their sincere desire to make money."

A few hours out of the SEC attorney's office, a friend who should know better—by virtue of the fact that he lost heavily during the last two years when he never heard from his broker—has once again gotten the word and is telling me that Occidental Petroleum looks good and that it is a good time to take short rides with proven performers. The next day another friend, who had not long ago bought some pieces of paper that acted more like Kamikaze planes than shares in American industry, writes to tell me that this time around he's sure he has some winners. And as for yours truly, he likes mobile homes, natural gas, and science-oriented companies that don't make weapons with Cambridge, Mass. post office boxes. These are not tips—rather a confession of greed and the urge to "speculate." (Having once been in a Wall Street training course to become a seller of stocks and bonds, I know one never says "gamble" except when discussing horse racing or poker.)

Of the 200-odd million souls in the nation at this moment, 30 million are stockholders. If you add to this those who are in the market indirectly through mutual funds, pension plans, and insurance schemes, the total rises to over 100 million. While it is difficult to generalize about so big a group, it would appear that on the whole we are the more undemanding, faithful, and unflappable half of the population. Many of us know better, and our greed gets in the way of demands for reform. We listen and give people like Hurd Baruch a hearty "right on" while keeping our other eye on the Dow-Jones averages. We are the ones who deserve what we get—good, bad, and indifferent. Others are not so fortunate: they are the true believers who accept the mythology of Main Street/Wall Street and more often than not get hit right in the retirement nest egg. Too many are brought to the market with the promise of low-risk schemes that will get their kids through college, or give them enough to start their own business. These are the people who have never heard of the "shake out" when people like them stampede out of the market to get the $1,800 left of their dream which started with $5,000 to invest and who have never heard that timeless bit of Wall Street sarcasm, "where are the customers' yachts?"

The mythology problem is not restricted to the innocent, however, because we all let those myths take over at the first sign of a speculator's rally, nostrils dilating every time

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Walter Cronkite extols the bull market. These myths are far more secure than most stocks on Wall Street, even the blue chips, for they help us retain a belief that the big bucks might come home some day for nothing. They are also proclaimed by men and institutions of such dignity and such plush carpets—men whose opinions must be tied to reality because the Depression followed the stock market crash—that we are led to believe in the aura of Wall Street out of awe and respect. Although the myths are supported by our sneakiest desires and our respect for the bowlers and the established wizardry of Wall Street, it still might be useful to take a look at two of them to see what they cost the small investor in money, sleep, and general sucker's lament.

Share of a Feeling

Widespread among small investors and carefully nurtured by the industry, is the two-headed myth that it is both necessary and rational to put your money on the line to grease the economy and get your share of the pie. Yet, unlike soap or shoelaces, we certainly do not need the stocks nor can the business of buying be called rational. A share of stock is a share of a feeling. The fluctuation of the price of American Can has nothing near as much to do with the true value of the company as with the opinions, rumors, and moods that surround the name and the way the news breaks in *The Wall Street Journal*. But because the average investor probably can never fathom what makes stocks go up and down, the brokers must market them as a rational, utilitarian package. The finesse employed by brokers in the last decade has had phenomenal results in bringing small investors into the market. The myth of necessity/rationality is simply a myth created by shrewd merchandising.

One manifestation of this proven ability to keep us feeling good is the language or rationality which has been coined by the merchandisers to keep virtually all situations under semantic control. The operating principle of this language is making the market (or a specific stock) an animate entity which is doing or is about to do something quite in keeping with the nature of the beast. We don't quite understand, but its nice to have reassuring words passed over your stocks. For example, the market goes down a bit and you call your broker. Depending on his mood or school of thinking, you find that the market is "consolidating," "making a technical correction," "looking for good news," or "tired and trying to make up its mind"—to name a few. We are calmed by terms like "technical correction" and seldom venture to ask what it means.

No collection of merchandising myths is as widely promoted by the industry as those which have been shaped into slogans which offer extra reasons—ranging from the personal to the patriotic—for getting into the market. As a group these slogans embellish the promises of building one's holding for retirement or sending the kids through college with a nice feeling that leads one to half suspect that the President will be grateful. Wall Street's equivalent of Madison Avenue's "washday miracles" and margarine coronations are: "bringing Wall Street to Main Street," "taking stock (or buying shares) in America's future," "the best hedge against inflation," "people's capitalism," and others too numerous to mention. To analyze just two of the most outlandish: the flimsiness of the "hedge against inflation" was evidenced, at least, during the extremely inflationary 1969-70 period when stocks nosedived and, as for "the future of the nation," the U. S. has proven to be more economically durable than 1968's flock of high-flying fried chickens.

At its nadir this kind of selling gets into a hocus-pocus that inspires nausea rather than amusement. The blandishments that accompanied the franchised nursing home stocks of a

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

few seasons back made both the greedy speculator and the true believer feel like Albert Schweitzer with lines about providing the capital to take care of the elderly. (People who bought that famous nursing high-flyer, Four Seasons, for over $100 a share in 1968 now are lucky to get a quarter a share on a good day.) Back when I was a trainee with the nation's largest brokerage firm, it was unloading Howard Hughes' TWA holdings and a line that the boys liked to use when calling their little clients was, "I've saved some of Mr. Hughes' stock for you"—as if the transfer included some of his Midas-like powers.

Since selling securities is a form of merchandising, it should come as no rude shock that a crop of merchandising gimmicks has become widespread. Too often the small investor looks upon them with embarrassing enthusiasm. For example, seldom is there an excitement to compare with that of the investor who finds that his 100 shares of a $10 stock is about to become 200 shares of a $5 stock through a stock split. The investor lights up inside as he contemplates his "doubled" holdings, his stock "taking off," his rainbow's end. He is unlikely to see the higher commissions that will be generated after the split. Under the new minimum commission rates it costs $25 to buy or sell 100 shares of a $10 stock and $32.80 to buy or sell 200 shares of a $5 stock. The widespread use of the split to gin up volume and commissions accounted for the addition of 5.5 billion "new" shares on the New York Stock Exchange between 1960 and 1970. The practice also contributed to the paperwork explosion.

Another favored gimmick is the one in which the broker offers a new issue or special distribution of stock with the pitch that the stock is being offered without any commission and, sure enough, when your statement comes through there is no commission charge listed. Unknown to the small investor who thinks he is getting something for nothing, the broker is getting a double commission from the company issuing the stock and that fee is built into the price of the stock.

Never Say You Don't Know

A second major myth is that the stock salesman is worthy of our trust and money. The myth is not entirely his fault, as it is partially nurtured by what we require and demand from him and the way in which he is made to do business.

Normally a salesman is in training for only six months, during which time he hangs around a salesroom and spends some time in a class. Each exchange has a multiple-choice exam which is ever so easy, predictable, often available in advance, and really serves as more of a test to see if the prospective broker can handle the terms of the industry—so he can sound like a broker—rather than to see if he comprehends what is going on.

Once the exam has been passed, our man goes off salary and onto commission which means that in order to do well he has to keep us buying and selling stock. The system is so structured that it is not to his advantage to let us sit on those future Xeroxes and IBMs for a decade or two. It is illegal to "churn" or switch a customer around in stocks for commissions rather than profits, but it is a hard charge to pin on anyone since the distinction between churning and an "active account" is often blurred.

Despite the electronic gadgetry and impressive titles on their cards, a stock salesman buys and sells stocks with little or no knowledge of the company behind them. This is not especially surprising since he has 25,000 brands of the stuff to choose from. When we call our brokers and ask them about some obscure Canadian oil stock, they have two alternatives: (1) to say they don't know or (2) intone something about Canadian oils looking good for the next six months. During my days as a Wall Street trainee, the prime message was, never say you don't know.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Brokers spend the bulk of their time swimming around in the language of the market, parrying customers with the lingo. Hardly more enlightened by this exercise than their prey, they themselves often read tips according to the attractiveness of the package. For instance, one slow day during my apprenticeship, a salesman got a call from an old college buddy who had moved into the realm of high technology. He told the broker that some little data processing firm had licked a "significant" software problem. Despite the fact that few Americans were even aware of the problem, and few in the office could give more than a three second definition of software, the story was bought whole, and within an hour the salesmen were imparting the seductively sibilant story of "software" and "significance" to their customers. The customers loved it. The problem for the small investor is that he neither demands quality nor timeliness in his stories. He seldom considers the fact that the big institutional investors get their stories earlier and in better shape.

To become a good broker you must be capable of surmounting the fact that you are ignorant of most of what is going on in the stocks you are handling and push ahead. Some eventually do all right for their clients, especially if the market is healthy. (The average investor should derive little cheer from the existence of skilled brokers, however, because the firms quickly siphon them off to handle the big accounts—leaving the proven dumbos and the try-outs to service 100-share transactions.) Other brokers cannot get over their incompetence. The author is one such case. I bolted Wall Street after six months' training with Merrill Lynch, Pierce, Fenner and Smith on the eve of my examination for the New York Stock Exchange. A few days before the exam, I was taken aside by the branch manager I was to work under and given a specialty. A specialty is not a group of stocks, rather a type of person each novice is assigned to by the manager. One is expected to contact, attract, and learn to deal with this group—which becomes the nucleus of your business. For reasons that were never made clear, my peers were deemed proper for specialties like taxi fleet owners and New Jersey dentists, and I was picked to work with the recently widowed and was promised that by the time I was assigned to a desk in the branch office I would be given a list culled from the obituary pages.

Sharks in a Feed

Attendant to these two major myths are a host of lesser myths. If you are a small investor, you probably believe that your funds and securities are held in an account with your name on it. This is on paper only. The money and stocks are used by most brokers for whatever uses they deem fit. For example, if you leave cash in your account you get no interest, but you can rest assured that the firm is investing it for its own ventures. For this reason it is standard operating procedure for brokers to tell you that it is safer and more convenient to leave your stocks and extra cash with him. In this respect, the brokerage firm becomes a bank that gives no interest. As summed up by Hurd Baruch in his book, "Clearly customers place a great deal more of their own funds at risk in the business of their brokers than do the brokers themselves."

Another myth with remarkable resilience is that the securities industry is heavily regulated. The SEC holds fast to the tenet of "self-regulation with proper oversight," yet even those in high financial positions question the concept. The president of the American Stock Exchange said recently, ". . . the self-regulatory machinery does not exist for solving industry-wide problems." His point is well taken since there is no central authority within the industry to regulate, so a bit of tidying up by the members of one exchange does not

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

necessarily have anything to do with the others.

A further misconception of regulation is that the federal government and the dealers themselves have so structured things that it takes a lot of money and impressive credentials to start a brokerage firm. In truth the SEC requires just about as much as you need to start a good bookie joint: specifically, $5,000 and a telephone. This does not mean that the sins of the exchanges are monopolized solely by the small brokerage outfits and the fly-by-nighters, but is rather an illustration of the laxity of regulation enjoyed by all.

Even lower than the financial qualifications are the mental ones. The National Association of Securities Dealers, which regulates over-the-counter firms, gives a 170-question multiple-choice and true-false examination to qualify one as an officer of a firm. Only two of the questions relate to books and records—a fact that has attracted the interest of a House subcommittee looking into the reasons why books and records started getting so mixed up a few years back.

While there are many examples which show why self-regulation does not work, two recent ones should suffice. A classic case appears in several published analyses and congressional inquiries into what went wrong at the end of the 1960s. One of the most pressing problems was that while Wall Street was gagging on paper and snarled up in Victorian procedures, firms continued to advertise, promote their wares, hire salesmen, open branch offices, and usher in new and often immature stocks. Each exchange politely suggested to its members that they cool it, and there was a flurry of letters from the SEC, but nothing happened. It was as though they were asking sharks in a frenzied feed to consider the problem of indigestion. Another case in point is that of Francis I. duPont and Company which, during a period of two years, attracted 45,269 customer complaints having to do with such things as lost securities, accounts in error, and failure to credit dividends to customers' accounts. Neither the SEC nor the Exchange took stern action, although rebukes and fines were leveled. The problem was summed up by the House Interstate and Foreign Commerce Committee looking into troubled firms when it said, "The problem is how drastic can the actions be against a firm such as duPont that has had an aggregate indebtedness of as much as $332 million, most of which was owed to its customers."

The problems of regulatory shortcomings are compounded by the widely held article of faith that the financial shape of your neighborhood broker/dealer is watched closely by federal authority and can, if you desire, be checked out in person. All too often the SEC takes a few years to get around to checking a firm, which is a long time in an industry where firms have been known to go under in less than a year. It is difficult to check things out for oneself because many firms will give out no information on their operations or financial position. Ironically, while the SEC takes pains to make public the information on the companies one is investing *in*, it has never pushed for public information on the company one is investing *with*.

Never Say You're Sorry

Perhaps the most telling myth of all, however, is that Wall Street loves the small investor. There is truth in this but only if you believe that love means never having to say you're sorry. Wall Street looks at the small investor as a commodity to be turned on and off as the market and its volume dictates. For instance, the New York Stock Exchange recently asked the SEC to approve the Investors Service Bureau which the Exchange explained this way: "Should small investors find difficulty in getting member firms to handle their accounts, they will be given by phone or mail the names of member firms in their area interested in handling small

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

investor accounts." Sounds nice, but the SEC read between the lines and balked because the request was in truth a request by Exchange members for a legitimate way to dump or not accept small accounts when they got in the way. Another manifestation of the attitude towards the small investor as a commodity is contained in the little myth that the customer's account is a sacred and confidential trust. Not so. During the dim hours of 1969-70 troubled houses were selling accounts to other firms like so many shares of American Tobacco, with nary a peep from the SEC.

Another way to look at this curious love affair is to examine the influence of the small investor on the thinking of Wall Street. The small investor has compiled a miserable track record which has been summed up in the adage, "The public is always wrong." It has long been axiomatic that the odd-lot public—or that section of investing Americans which buys its stocks in peasant-like lots of less than 100 shares—always goes in the wrong direction and that the smart thing to do is the opposite. Generally, the odd-lot public buys heavily near the end of an ascending market, and again as prices start to tumble.

So it goes in the world of people's capitalism. The small investor hangs on at the edge of the ticker tape by his three-figure orders. His lack of insight leads him to admire those with better averages than himself or Dow Jones. He thinks the large investors who get richer in the market possess some extra measure of bravado. Actually, the small investor is much more the daring, winner-take-all capitalist than his wealthy counterparts. In effect, he is taking more blind risks than any well-heeled investor would ever dream of. He thinks the masters possess some additional cunning, when a great part of their clairvoyance is that of the stacked deck.

This misguided admiration is also parlayed into the belief that all investors are one big happy family, and the Stock Market a fiscal commune, where 100 shares are entitled to as much respect as 1,000, where everybody gets his cut from the big haul—to each according to his ability.

To the small investor with any memory, however, the hospitality of the Exchange must seem curiously uneven. Wall Street trumpets its periodic welcome, as it did in 1960, but just as abruptly closes the door again, as it did in 1969, with the high surcharges and other discrimination against the minutia of capital. The small investor can be brought in at certain times, or kept out at certain times—his money serving the governmental function of pump-priming or accomplishing for the Market what the government accomplished for Lockheed.

This function contradicts the notion, advanced by the Exchange publicly, that everyone can win in the long run. The other possibility, as one broker puts it, is that "somebody must win so somebody else can gain." Here amid the peaks and troughs, after he has been doused with cold tips and run through the brokerage wringer, the small investor can't bring himself to believe that he is not even the last one on the gravy train, but usually a mere dribblet of the gravy.■

Solution to October Puzzle:

W	2 H	I	3 T	T	4 L	E	5 D	O	6 W	N		7 C		8 R
	A		A		E		O		O		9 M	I	D	I
10 B	L	A	C	K	P	O	W	E	R			N		C
	L		K		E		S		S		11 T	E	C	H
				12 A	R	13 R	E	14 S	T	15 S		M		S
16 T	H	17 E	I	R		E		O		18 Y	E	A	S	T
E		A		19 I	N	D	I	C	T	S		B		A
20 L	I	V	E	S		C		I		21 T	A	U	N	T
E		E		22 E	V	I	I	E	Y	E		F		E
23 V	I	S	O	R		T		T		24 M	U	F	F	S
I		D		25 S	26 A	V	27 S	Y	28 E	S				
29 S	U	R	E		M		I		X		30 C		31 E	
I		O			32 I	L	L	I	T	E	R	A	C	Y
33 O	O	P	S		N		T		O		A		H	
N		S		34 C	O	N	S	O	L	A	T	I	O	N

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Memo of the Month

MEMORANDUM

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY

DATE: August 24, 1971

TO : ORCD Staff

FROM : Paul L. Niebanck
Deputy Assistant Secretary/ ORCD

SUBJECT :

I leave for vacation (August 25th to September 8th) with a light heart. Our new organization has survived its birth trauma. It has established itself as an enterprise worthy of respect. It has broken new ground with the regional offices, with HEW Washington and with HUD. A common mission and a degree of creative interaction beyond the ordinary have emerged.

Much is ahead of us. To convert an embryonic OPS system into a meaningful management tool; to open HEW to new modes of doing business; to empower and enliven the regions; to strike meaningful relationships with communities and interest groups; to make connection with the reform initiatives in the agencies; and to help OS become more aware of its field responsibility—these are but a few of our important roles.

You have all taught me a great deal in a very short time. The loyalty and hard work that were required during the recent "OPS crunch" are exemplary of the support I have been given. I think we can all look forward to the fruits of what has taken place during these first six months. My goal is that ORCD (however it is named!) become the most effective changed agent in HEW. That is what the Secretary has asked of us.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Unnatural Gas Case

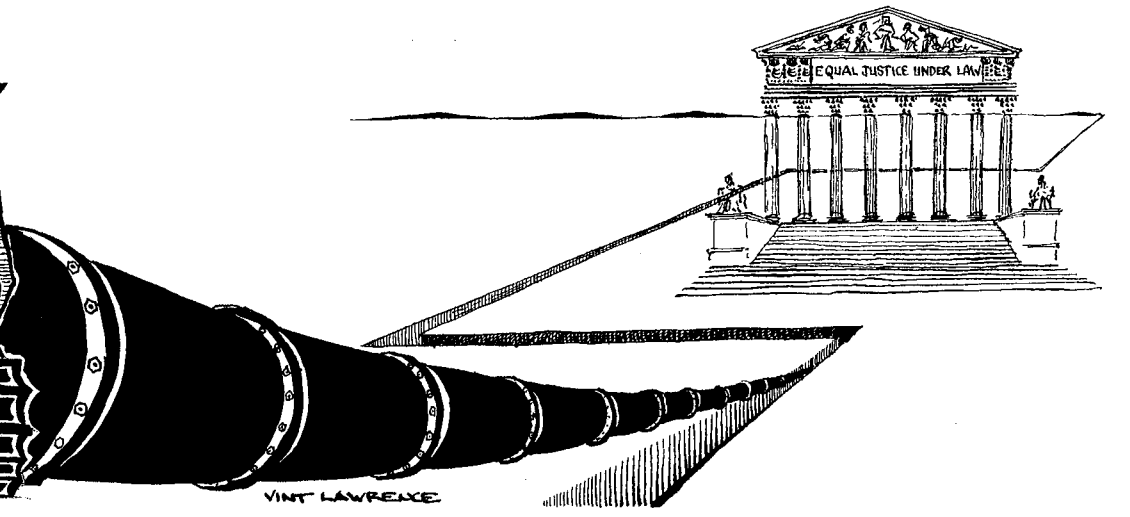
LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

by Michael Green

Sometimes the System works in mysterious ways, its wonders to perform, and seldom has it performed more wondrously or with greater classic mysticism than in efforts by the U. S. government and Supreme Court over a decade and a half to break up the illegally acquired assets of the El Paso Natural Gas Company.

Michael Green is a Washington writer.

Four times the Justices of the Supreme Court have hoisted their black robes to their ankles and mounted the majestic dais of the Court to order El Paso to divest. They first spoke to the corporate giant in 1962; then, in a louder voice, in 1964; again,



LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

in 1967; and still again in 1969. But eyeball to eyeball with the U. S. Supreme Court, let it not be said that the legal department of the largest gas pipeline company in America blinked. The Court's various orders were all printed and neatly bound in law books for future legal scholars, but for all the practical effect these orders have had, the Justices might as well have kept their Opinion to themselves.

It is 1971. El Paso has divested nothing. There appears to be every chance, moreover, that Congress will overturn the four landmark decisions, award El Paso an ex post facto exemption from the antitrust laws it was held to have violated, and will end up elevating the gas company to a position of primacy and prestige somewhat exceeding that of the federal government and the Supreme Court.

To understand how this could happen, it may be helpful to reflect that the Supreme Court is but a handful of nine justices; El Paso is the ninth largest on *Fortune*'s list of the top 500 U. S. corporations, with assets close to $2 billion and interests that range from insurance to shipbuilding. It services 11 western states and reported gross sales of $926 million in 1970.

The assets of the gas company El Paso illegally acquired in the Pacific Northwest have a book value of $256 million, excluding gas reserves. The profits from the property alone are estimated by one consumer critic at $22,000 a day. Last year El Paso delivered $122.5-million worth of gas to local distributors through the pipeline it has been ordered to give up, compared with $437-million worth of gas to its own markets.

The stakes for consumers are dramatically represented in a current $500-million lawsuit to force El Paso to give its California customers a refund for the extra money they have allegedly been paying due to monopolistic overpricing. This pending damage action could be wiped away if El Paso gets the absolution it wants from Congress. Lest the notion of winning such a suit appear overly romantic, it should be recorded that a previous suit brought against El Paso resulted in the company's mailing checks worth $155.5 million to California consumers. El Paso takes its suits seriously enough that it has retained the law firm of Edward Bennet Williams and the talents of former White House aide Joseph Califano to represent its interests.

In addition to the economics, the El Paso case has national importance for government antitrust enforcement. Assistant Attorney General Richard W. McLaren, head of the Justice Department's Antitrust Division, noted as far back as 1969 that the El Paso case was to serve as the legal basis on which the government would proceed with antitrust suits against other corporate giants, such as Ling-Temco-Vought, Inc. Further, serious constitutional issues are raised by the possibility that Congress will overrule a decade's antitrust decisions and put away the law instead of its violators.

If the case has achieved landmark status in terms of public importance, it has attained no lesser status in terms of its sheer grotesqueness as one of the lengthiest and most bizarre episodes in the annals of corporate law enforcement and the battle to maintain a public trust.

Divest, Divest, Divest

It was 1957 when the Justice Department first filed an antitrust suit under the Clayton Act against acquisition by El Paso of virtually all the outstanding common stock of a struggling but potential competitor for the California gas market, the Pacific Northwest Pipeline Company. Pacific Northwest was a mere fourth the size of giant El Paso and one of only two other interstate suppliers to the Far West. By 1959, under a favorable ruling by the Federal Power Commission, El Paso acquired the physical assets of its competitor and completed the merger; the Justice Department amended its suit to charge that this acquisition

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

violated the antitrust laws as well.

In the late 1950s, the Pacific northwestern states had a limited market served by a single supplier. But in the expanding California market, then as now, there was both a real opportunity and a crying need for competition. El Paso was then the only out-of-state supplier in the richest gas market in the United States, a market burgeoning annually.

In 1956, Pacific Northwest Pipeline Company attempted to enter the California market and engaged in negotiations for the sale of natural gas to Southern California Edison Company. At the time, Edison was getting gas from El Paso, but on a low-priority and interruptible basis. They wanted a more favorable arrangement, and turned to Pacific Northwest. According to the Supreme Court, Edison thereupon tried to develop within California an integrated system for distributing Canadian gas supplied by Pacific Northwest to itself and others. El Paso decided to fight the plan to the last ditch, and succeeded in getting (through a distributor) a contract for Edison's needs. Edison's tentative agreement with Pacific Northwest was terminated.

After successfully spiking the tentative deal between Edison and Pacific Northwest, El Paso was in a position to persuade the struggling company, which had depended on the deal's success, to sell to El Paso 99.8 per cent of the company's outstanding stock. The Justice Department—acting on the urgings of then California Attorney General Edmund G. (Pat) Brown—promptly filed suit against El Paso for antitrust violation. The case moved into the courts—where it has been ever since.

The impact of the merger, however, was not limited to California. Three pipelines had been serving the Far West—those of El Paso, Pacific Northwest, and one other company. After the merger, there were two. The effect on California, however, was immediately pronounced. For there had been at least the threat of competition to El Paso. Now there was none.

In 1962, the Court ruled that the Federal Power Commission should not have approved the merger because the antitrust action filed by the Justice Department was pending before the courts, and in 1964, the Court direcly ordered El Paso to divest "without delay."

The Justices may have thought that finally finished the matter. But a lower court appointed to work out a divestiture arrangement and name a new company capable of competing with El Paso in the California market adopted a plan, proposed by El Paso itself, so competitively favorable it would have been doubtful that the new company could ever have entered the California market. The Justice Department reluctantly agreed to the "settlement." But horrified customers of El Paso appealed.

The Supreme Court acted again in 1967, testily remarking, "When this case was here the last time. . . ." It accused the Justice Department of having "knuckled under to El Paso" and directed that a different district judge be named to work out a divestiture. In 1969, the case returned on appeal again. "When the case was last here," the court began its new opinion, wearily. Once more the lower court had approved an El Paso plan.

Sometime in 1972, the case should reach the Supreme Court again, assuming the normal course of things. The most recent divestiture plan approved by the lower court was neither of two alternative proposals put forth by the Justice Department but again, the plan proposed by El Paso, a plan, says the Justice Department, "plainly inconsistent with the Supreme Court's mandate."

Don't forget:

Special Christmas Gift Rates for The Washington Monthly

See the inside back cover.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Invincible Monopoly

El Paso may now be able to boast of possessing sufficient tenacity to have held onto its illegally acquired assets through the administrations of five U. S. Presidents. Ask El Paso, like a centenarian being asked the secret of her longevity, how her economic health has remained so intact, and the answer is likely to be clean living. El Paso, the company points out, has "never asked for a delay" in divestiture. But the real answer is power—power of a kind that may well move the Senate of the United States, incredibly and almost against its will, and the House after it, to complete the travesty by extending congressional sanction to the merger and guaranteeing that illegal profits will keep rolling into the corporate coffers in the future. It is now El Paso's purpose to see that the interminable case never does go to the Supreme Court again, for still another order to divest would seem certain, possibly with real and final effect, in due time. They may still count their corporate blessings, but they are now looking for even more sympathetic and convivial treatment from Congress, especially from the chairman of the Senate Commerce Committee, Warren Magnuson (D-Wash.).

Magnuson, at least, seems to be obliging. On August 3 he introduced a bill that is the kind a good gas lobbyist surely must dream of at the end of an ambitious career of wining and dining, buttonholing and lapel-pulling, the kind that may come, like Halley's Comet, only once in a lifetime. The bill asks Congress to end the 14 years of "fruitless" litigation in the case by passing legislation to legalize the merger, overturning the four Supreme Court decisions, in effect repealing a portion of the antitrust provisions of the Clayton Act, and securing the profits to El Paso for its illegal acquisition for all time to come. Magnuson stressed that the purpose of his bill was not to benefit El Paso, but to assure a "stable" gas supply to western consumers. This supply is said to be threatened by the "uncertainty" surrounding the prospect that El Paso might have to divest itself.

It seems a strange role for Magnuson. He has acquired a deserved reputation over the years as a friend and protector of the consumer. The Senate Commerce Committee under his leadership has been a principal source of some of the most significant consumer legislation enacted, ranging from auto safety to legislation authored by Magnuson himself enabling consumer class action suits. For a while he even wrote a consumer-oriented column and a book on consumer affairs is scheduled soon for a second printing. Moreover, his work in the field of consumer protection is one in which he takes unmistakable and understandable personal pride. This record notwithstanding, he has now emerged, after a reluctant beginning, as the protector and champion of the El Paso Natural Gas Co., a role he actively shunned only a year ago.

Lighting the Stoves

What happened in-between can only be regarded as a tribute to the skill and thoroughness of El Paso's lobbyists, swarming their way across the capitals of the western states and sounding the alarm that gas consumers suddenly face "chaos" and an "energy supply crisis" because of the threatened divestiture. The prestigious, politically-oriented public relations firm of Hill & Knowlton, boasting such executives as former Kennedy presidential press aide Andrew Hatcher and, until recently, ex-Sen. George Murphy (R-Calif.) swung into action. The theme that only the consumer would suffer from divestiture as the innocent victim of a muddled Supreme Court blossomed in a *Wall Street Journal* account of the antitrust case which, for objectivity, might have been written in the board rooms of El Paso. Willing, helpful hands in the lobbying effort were found in the ranks of the distributors

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of El Paso gas. In Everett, Washington, the local manager of the Washington Natural Gas Co. carried the alarm to the South Snohomish County Chamber of Commerce, which promptly passed a resolution urging Magnuson to introduce the legislation to save El Paso. From throughout the Pacific Northwest, the mail poured in to Magnuson from officials at all levels, all acting on the basis of El Paso information. There was no information coming in from the other side.

Distributors are satisfied and content with their comfortable relationship to El Paso as it has developed and exists. Here, El Paso's corollary vision of rates increasing astronomically because of the incompetence of an untried, new company (and, coincidentally, through all the debts and expenses of divestiture El Paso hopes to push off on the new company through its own plan) must have had particular appeal. Such a situation might reduce their margins of profit.

That the relationships between El Paso and distributors tend to be comfortable and cozy for all concerned is evidenced by the one example provided in the California market. It has been the largest, and at times only, out-of-state supplier of natural gas to California for over 15 years. But El Paso has never extended its pipeline into the state itself. despite ability to do so and despite a market in large industrial users of natural gas eager for their own direct wholesale supplies. The El Paso pipeline stops at the California border. A giant combine of gas distributors, in the case of Southern California, obtains the gas at the border, adding its own costs of distribution and margin of profit. The industrial customer is forced to pay the middleman whether he wants to or not.

In successfully conjuring up visions of gas pipes going empty and kitchen ovens failing to light and otherwise creating widespread public alarm, El Paso had a key psychological advantage to exploit: fear of the unknown. If El Paso is forced to divest its Northwest Division, where will this "new company" ordered to be created by the Supreme Court come from? Who will run it? Where is their gas supply? What do they know about servicing the Pacific Northwest? El Paso could argue it is a known quantity. It could even argue it has always provided good service at "reasonable" rates, since, under the monopoly, customers had no basis of experience with competitive rates.

A more provincial pitch exploiting some of the historic rivalry between California and the Northwest offered El Paso still another opportunity. For El Paso stressed that it had not been the welfare of Northwest consumers the Supreme Court considered but consumers in California. The Court acted to restore a company to the Northwest either poised to enter the California market and offer competition there, or to create a company immediately active in the California market. But there isn't enough gas for the Pacific Northwest and California together, El Paso suggests, a curious argument since El Paso now supplies them both. The argument is sufficient, however, to set Northwesterners to wondering why they should give up their "stable," "reasonably priced" gas supply for the benefit of the Californians.

It is an awesome measure of El Paso's power that it has found the champion of its cause in Congress in Warren Magnuson. In September, 1970, Magnuson warned the gas interests in a little-noted Seattle speech that it would be "folly" for them to think they could ever get legislation to overturn the four court decisions. He suggested they start using some imagination to solve their problems instead. By April of this year he was actively, if reluctantly, carting his Commerce Committee out to Seattle for a sort of public hearing *au jus* to inquire generally into the welfare of Pacific Northwest gas consumers. Coincidentally, he set out to discover whether there was any good reason to doubt that his consumers would be

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

best served by perpetuation of the El Paso gas monopoly. El Paso assured Maggie divestiture would not be good for the Pacific Northwest. So did the governors of Oregon, Washington, Wyoming, and Idaho, and officials representing an assortment of public utilities commissions and gas distributors. In two days of testimony heavily weighted on the side of El Paso and its friends, Magnuson, at least, heard nothing to cause him any doubt that what is good for El Paso is good for the Pacific Northwest.

Magnuson's Folly

By the time Magnuson introduced the El Paso bill, the results of the massive lobbying campaign could begin to be seen with telling effect. The legislation bears the names of 11 other senators from eight western states—Arizona, Idaho, Nevada, New Mexico, Oregon, Texas, Wyoming, and Utah—as co-sponsors. A House counterpart of the Magnuson bill was introduced by Rep. Brock Adams (D-Wash.), also the object of heavy pressure. It's possible to doubt, however, whether the massive lobbying effort by El Paso would, alone, have been sufficient to move Magnuson to action without a more subtle and pointed kind of additional pressure; bluntly, one can assume, the knowledge that should a new company be installed in the Northwest and should the disastrous consequences predicted by El Paso come to pass, failure by Magnuson to act now would guarantee him the heavy weight of full blame, while the hands of all the others who urged him to act would remain clean.

If he began to fill his role as El Paso's champion with reluctance and misgivings, the way stations along Magnuson's changing path seem clearly identifiable. El Paso began pressing and lobbying months before Maggie's first favorable murmur. When it came, it was a hint—several times repeated—that he just might introduce such legislation unless he heard strong objections to the idea from lawmakers from other western states. He seemed almost to be advertising, pleading, for such objections to get him off the hook. And one of the "other" states he must certainly have had in mind was the state with the greatest competitive stake, with the power of 20 million people behind its two U. S. senators, Alan Cranston and John V. Tunney. If loud objections, even strong private objections, were hoped for from the two California senators, Magnuson must have been sorely disappointed. They were well aware of the case, but their silence was deafening. Governor Ronald Reagan spoke privately—but in support of El Paso. Officials of Utah, which had once joined in carrying the fight to the Supreme Court, fell silent. Not even Ralph Nader appeared familiar with the giant monopoly case.

California's two senators were absent from Magnuson's hearings and still silent when he introduced the bill in August. Cranston, the state's senior senator, in fact, has steadily resisted taking a stand since coming to the Senate three years ago. "It's a tremendously complicated case," he explains lamely. "It's a terribly complicated case," agrees freshman John Tunney, who has been studying it for months without signs of noticeable progress. The names of the two senators were pointedly absent from the list of western co-sponsors of Magnuson's bill. But the omission does not add up yet, anyway, to the discovery of two stout-hearted champions on behalf of California consumer interests.

Whatever else they may be accused of, neither Cranston nor Tunney, who campaigned on the ambitious slogan, "Put A Fighter in Your Corner," can be accused of not being too careful of the power of Warren Magnuson, whom they have already offended once by voting—to their genuine credit—against the SST, a widely unpopular vote in their own state. They are nonetheless wary of offending him further on another issue of major importance to him in his home state.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

To fill the void, California's consumer interests in the El Paso case continue to be ably represented by Sen. Philip Hart (D-Mich.) Sen. Birch Bayh (D-Ind.) and Sen. Lee Metcalf (D-Mont.) each of whom somehow cut through the complexities of the case that so baffle Tunney and Cranston to arrive at a position on it some years ago, though the issues did not directly affect their states. As Bayh noted, "the stakes are high to California gas users."

Magnuson did not rush forth with his bill, but proceeded cautiously, and with good reason. He knows it is no small thing to ask Congress to overturn four Supreme Court decisions against one of the largest and most entrenched special interests in the country. The capacity for public clamor and outrage when the bill actually reaches the Senate floor, he must know, is enormous.

His caution, however, has not been lacking in determination or purpose. Rather, he has used his time and power to lay a careful groundwork, solid at least in appearance and possibly persuasive. It provides a foundation for congressional action resting solely on the argument that the gas consumers of the West should not be made to pay for El Paso's sins, that to save the consumer from the horrors and perils of divestiture, it is unfortunately necessary to extend official forgiveness to the monopoly transgressor, permitting it to continue reaping the profits from its illegal acquisition.

"I don't care about all that," he snaps. "I'm not concerned with the sins of the company—just whether divestiture will be good for the Pacific Northwest."

The Magnuson hearings in Seattle were also appropriately grotesque and bizarre, even to the setting, Seattle's Eames Theater, and the cast of characters it collected, highlighting the deeper questions involving the handling of the case and its relation to the wider public interest. For here, collected under one roof, in the light of day, were some of the original and continuing principals of the long, shadowy drama, the refugees of 14 years of litigation, older, battle-hardened, practiced and seasoned in the almost full-time craft of litigating El Paso's ancient sin, shrewd by now to the strengths and foibles of each other. Their presence and testimony served to illustrate in an incomparable way the manner in which business is conducted in determining one of the major public issues of our time.

Howard Boyd, chairman of the board of El Paso, appeared to complain irritably of "this interminable lawsuit" and the "uncertainty" that attends El Paso's ambitious plans for expanding its ever-growing gas empire in the future.

In fact, Boyd, and a long string of other witnesses friendly to El Paso, seemed to regard the Supreme Court as a strange outfit indeed. In virtual unison, they referred to its four decisions as being "curious" or otherwise unfathomable, as if the gas

MAKE YOUR OWN BOOK.

If other political science readers don't meet your needs, make your own book from The Washington Monthly's list of over 200 reprints, covering such subjects as the Presidency, Congress, the Culture of Bureaucracy, Politics and the Press, Work in America, and Sex and Politics.

for a complete list and details on how to order, write:

Anita Isicson
The Washington Monthly
1150 Connecticut Ave. N.W.
Washington, D.C. 20036

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

moguls were regarding strange interterrestrial beings bearing little resemblance to earthlings. After the last Supreme Court ruling in 1969, El Paso carried its public astonishment so far that it petitioned the Court for a rehearing on the grounds it couldn't understand the decision and needed to have it explained. The Court summarily rejected the petition. Without such expressions, one might wonder whether El Paso had taken note of the Court's decisions at all.

Former California Governor Pat Brown appeared voluntarily as a sort of elder statesman of the case, the man who started it, in fact, to explain that he has now changed his mind and favors the El Paso merger after all. Though indeed he's been responsible for causing the first antitrust suit to be filed against El Paso in order to preserve gas competition in California, things had changed a lot since those days 14 years years ago and he now thought California had all the competition it needed. Just passing through Seattle and thought he'd stop by and mention it, was the impression Brown seemed to create.

Defeated for reelection by Ronald Reagan in 1966, Brown spends his forced retirement flying back and forth from coast to coast, trolling for clients in Washington, D. C., and elsewhere. Brown confided to a reporter in Washington he was very hopeful he'd land the El Paso account if Magnuson scheduled additional hearings. In the meantime, he vehemently denies working for El Paso, though, "Certain expenses are picked up by a friend of El Paso in Los Angeles," he acknowledges.

As one of the few witnesses who favored divestiture, Assistant Attorney General Richard McLaren did his best to persuade Magnuson that the government still regards the El Paso case "as one of the Department's most important enforcement actions since the 1950 amendments to Section 7 of the Clayton act.

"Although as the committee is well aware, the goal of 'divestiture without delay' has not been achieved, we believe that the need for and appropriateness of that remedy is as clear in April, 1971, as it was in April, 1964."

But Magnuson deduced that the Justice Department's "heart is not really in it," possibly a fair deduction in light of the fact that Attorney General Mitchell dropped the government's 1969 appeal to the Supreme Court six days after taking office. By coincidence, El Paso paid the law firm of Nixon, Mudge, Rose, Guthrie, Alexander, and Mitchell $771,129.83 to represent it between the years 1961-67. McLaren, nevertheless, is still persistent in pursuing El Paso.

A Legal Houdini

Finally, present at the hearing was the man who surely must personify one of the most bizarre aspects of the case, a man acting sometimes as a public official, sometimes as a private individual, without whom there would have been no case.

William M. Bennett—former California deputy attorney general under Pat Brown, former chief counsel to the state public utilities commission and later its chairman, later a private lawyer and self-styled "consumer advocate" and now an elected member of the State Board of Equalization—doggedly pursued El Paso through the years with all the single-minded determination of an Israeli detective tracking after Martin Borman in Argentina long after the rest of the world has ceased to care.

A legal Houdini, somehow able to repeatedly defeat El Paso where the governments of both the sovereign and United States fail, he physically resembles the sort of Lloyd Bridges of the consumer advocate set, a Populist with a California lifestyle and suntan, filing lawsuits against El Paso in courtrooms across the country, flailing against the giant monopoly.

Bennett may be one of the few public officials left in computerized and sophisticated modern society still capable of feeling genuine outrage at

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

monopolistic utilities and giant railroads and gouging telephone companies. He was brought into the El Paso case originally, and not without irony, by Pat Brown. Where Brown's ardor subsequently cooled, Bennett's did not, a fact his old boss views with some of the same mixture of exasperation and professed bewilderment as El Paso does the decisions of the Supreme Court.

"He's been more right than wrong over the years," says Brown, shaking his head. "But you know, he gets very emotional. He's highly principled. And sometimes Bill goes off on a tangent. And when he's naughty, he's awfully bad." In Brown's view, Bennett has become awfully bad on the El Paso case. His tangents took him to the Supreme Court three times after Brown thought the time had come to drop the case, and each time Bennett won, the last time single-handedly after the U. S. government and all the various states associated with the case and a host of other intervenors had dropped out. In the process, Bennett impressed at least one Justice privately, and many more observers, as one of the most brilliant and effective lawyers to have gotten to his feet to present oral argument to the Court during the last 14 years.

His last appearance before the Court in 1969 needs to have been personally witnessed. Standing alone against an array of the best legal talent that could be provided by El Paso, the states of California and Utah, lawyers for other gas companies and the U. S. government, represented personally by Solicitor General Erwin Griswold, Bennett attacked as the lone surviving avenging angel of the original antitrust action. Finger in the air, voice crying out in tones of retribution, he spoke brilliantly and forcefully without notes for an hour. He sounded like a district attorney in a murder case calling on the jury to exact the supreme penalty for the horrible deed, certainly not to reward the defendant for his crimes, as he insisted the lower court-approved plan of divestiture would do several times over for El Paso. "These were not crimes of passion!" he reminded the Court in tones of exasperated disbelief that leniency would even be considered. "This was cold-blooded and deliberate corporate crime."

Bennett's Paradox

Following the 1969 case, the integrity of Bennett's role began to be questioned when, un-Nader-like, he agreed to serve as legal counsel and director for one of five companies that approached him, each with an interest in being named the "new company" to take over El Paso's Northwest Division. The firm was Paradox Production Corporation, of Boston. Bennett served a few months, severing his ties with Paradox when he became a candidate for the State Board of Equalization. He owns no stock in the company. He is also convinced Paradox is best equipped to function successfully as the new Northwest company. His brief tie to Paradox, though entirely legitimate, opened the door for his enemies to suggest his zeal in attacking El Paso was less than nobly motivated, ignoring the long years he fought the case before Paradox ever entered the picture. It also ignored the crucial if elementary fact that the Supreme Court four times found his arguments persuasive.

Bennett went to Seattle to testify as a private individual. Except for McLaren and one other witness, he was as alone before Magnuson as he'd been before the Supreme Court, and Maggie wasted no time exploding as soon as Bennett hit the witness chair and began reading his prepared statement. Fuming, Maggie denied any plans to introduce any such forgiveness bill for El Paso as the one contained in a draft written by the company itself and which had gotten into Bennett's hands.

If he introduced any bill at all, Maggie hollered in self-righteous indignation over Bennett's supposed slur,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

he'd write it himself. While the bill he finally produced was largely composed of language drafted by El Paso, Magnuson demonstrated his independence from the gas company by adding provisions that require El Paso to obey the remaining antitrust laws it has not already broken; to be friendly and cooperative with future potential competitors, should any appear, and aid them in entering the market, and to commit $200 million within five years toward developing and making available additional gas supplies to consumers in the United States. This will "nail down what they can do and can't," in Maggie's reassuring view. "I wouldn't take a chance of them not walking the straight and narrow."

The $200-million figure pales somewhat under the realization that 11 years ago, the property illegally acquired by El Paso, including reserves, was worth about $320 million, not counting the annual profits reaped by El Paso ever since and without reference to whatever higher prices are being paid by gas consumers as a result of the absence of competition for the last decade.

At one point in the hearings, Magnuson and El Paso's Howard Boyd even pooh-poohed the illegality of the original merger, agreeing it must have been sort of a legal oversight. "Mr. Boyd, the chairman of the board of El Paso, is a lawyer," Bennett retorted, "and to have anybody think they stumbled perchance upon as massive a violation as this, affecting the whole West, is totally absurd."

General Motors of Gas

A third non-El Paso witness at the hearings, Joe Davis, president of the Washington State Labor Council, AFL-CIO, tersely dispensed with El Paso's arguments that limited and dwindling gas could not be divided between El Paso and a "new company" without imperiling the consumer.

"Maintaining the present supply system will not increase reserves, divestiture will not decrease reserves."

Moreover, he added, in ferreting out new sources of natural gas, "Better ideas come from energetic small companies, not the complacent giants. In the automobile industry, the leader in the compact field was American Motors, not one of the Big Three."

Finally, Davis said he had to conclude, El Paso had just not proven its case.

"Time after time, they have promised to show us how the consumer in Washington will be injured by the divestiture. But they have failed to prove to us that any substantial harm will result solely because of the divestiture order."

Maggie grumbled later in Washington that no one knows what the size of El Paso's or any other natural gas company's reserves actually are because they won't tell anybody—not even the federal government, though they press for rate increases on the basis of a critical shortage of gas. There are some, he noted, who think the Great Gas Shortage is a scare tactic to panic the FPC into granting indiscriminate, excessive rate increases, suggesting the time had come for the industry to "give up its obsession with secrecy."

Unlike the Justice Department, Maggie represented himself as being eminently satisfied, nonetheless, that El Paso had made its case for overturning four Supreme Court decisions.

"At the beginning of the hearings I stated that the burden of proof lay with those who would urge Congress to act in this matter. After a careful review of this record, I am convinced that this burden has been fully discharged."

All utility costs are probably going to go up anyway, whatever happens, he opined at the hearings. A request for a 15 per cent rate hike by El Paso for Maggie's customers in the Northwest at the same time El Paso charged rates would skyrocket under a new, untried company, did not noticeably faze him.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"Just the inevitable result of the inflation that has plagued us all," explained El Paso's Boyd.

"All utility costs are going up," Maggie agreed with tones of resignation and real regret.

"And," he added, "I hope there is no implication by anyone here that anyone is testifying against antitrust laws."

El Paso said it certainly wasn't, being strongly in favor of antitrust laws.

Nor, Magnuson later assured the Senate, is his bill "intended as an attack on, or confrontation with our judicial system."

It is just, he suggested, that the Supreme Court did the best it could and failed.

Besides, said Pat Brown, also back in Washington and making his way through the Capitol corridors, Supreme Court Justices don't know anything about running a gas company, anyway.

A Leaky SST

The crusty enigma that is Warren Magnuson, bruised veteran of hundreds of legislative battles, shuffles stubbily around the Senate floor and cloakrooms, inscrutably keeping his own counsel, watching for the right psychological and legislative moment to strike. In his silent preoccupation, he still mentally licks the wounds of his massive defeat on the SST, a defeat that hit him where he lives, with his home-state constituents, hard affected by one of the largest unemployment rates in the nation. The fight for Boeing was perhaps the toughest and most crucial of his career. The day he lost it, Seattle was glued to its radios and televisions like nothing since the World Series or the first landing of a man on the moon.

Now another fight awaits him, also hitting him where he lives, with his home folks. He will not plan to lose again. Ironically, he is shrewd enough to know, the SST defeat may prove his most formidable weapon in getting the El Paso bill through. Don't do it to me twice, he will tell his colleagues. And he knows they will go as far with him as they can, to make up for what they did to him last time.

There may be no more hearings. No senator has appeared to request any. El Paso makes doubly sure, in the meantime, the bill will be actually called forth from his committee, lining up the other members, besides Maggie, itself.

When the time looks right, maybe in the closing rush of congressional business, when adjournment narcosis seeps into the old Senate chamber like gas from a leaky jet, insidiously lulling the other members into a sleepy dullness, Maggie will call the bill up and push for all he's worth.

It would be foolish to predict it will not pass. Just like the antitrust exemptions passed for failing newspapers, for insurance companies, for the National and American football leagues. There are precedents. There is the power of Maggie. And the apparently greater power of El Paso itself. And the silence of California's two senators.

When this ancient case all comes to an end, if it ever does, both the prophetic and final judgment on it may have been spoken by William M. Bennett, the self-appointed consumer advocate in the case, before the Supreme Court on April 29, 1969:

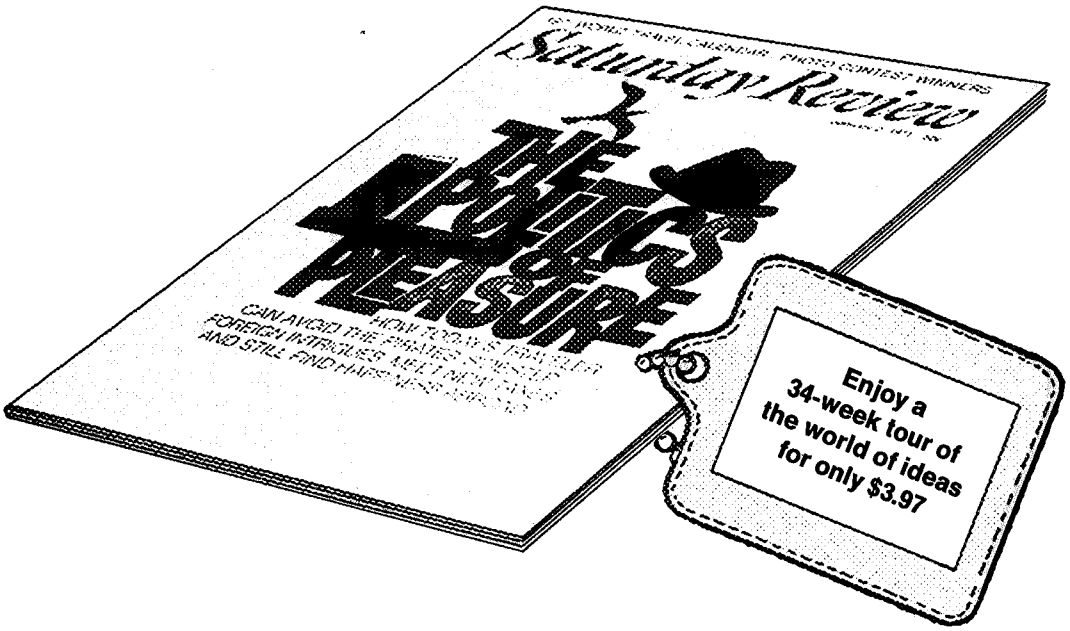
"This case now is just what it appears to be—just what you think it is. Great economic power exercising great political power has persuaded the guardians of the public trust that contract favors and vague promises are safeguards of the public's need for proper utility and monopoly controls.

"And if economic and political power can compel public officials to withdraw proper representation of their public clientele to the gain of private interests, then sheer power is king and simple justice is servant.

"Then the antitrust laws have died quietly, little noticed, with a whimper in the year of our Lord 1969." ■

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The magazine



If your mind likes to travel, come to Saturday Review. The fare is astonishingly low... and the climate exhilarating!

Each weekly issue of America's thought-weekly is an exciting, colorful trip around the world of ideas. With stopovers that enable you to range freely over all the areas you think and talk about most.

Included on SR's regular itinerary: U.S. and World Affairs... Environment... Books... MultiMedia (including Music and Recordings) ... Education... Communications... Travel... Business... Art... Theater ... Movies... TV-Radio... and more.

SR's timely coverage of U.S. and world affairs makes news week after week. Provides food for thought, ideas for action. Among recent articles:

- **The Governance of the Pentagon**
  by Senator J. William Fulbright
- **What New Role for the People's Republic of China?**
  by Richard C. Hottelet
- **The Dossier Invades the Home**
  by Ralph Nader
- **Is Anybody Ready for Peace?**
  by Frank K. Kelly
- **After the Population Explosion**
  by Harrison Brown
- **Demeaning Human Dignity**
  by Ramsey Clark

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

for minds that like to travel

- **The Failure of Federal Gun Control**
  by Carl Bakal
- **Toward a Military Welfare State?**
  by Norman Cousins

In addition to stimulating articles —by experts who write as clearly as they think—Saturday Review offers one of the most vigorous and influential editorial pages in America... wide-ranging feature columns that combine wit, wisdom and opinion ...delightful cartoons...material for —and by—religious leaders of all faiths...and those fascinating brain teasers: Double-Crostics, Literary I.Q., Wit Twisters, and Literary Cryptograms.

Travel the world—and the world of ideas—with Saturday Review every week. The fare is the lowest available when you take advantage of this special get-acquainted offer:

SPECIAL INTRODUCTORY OFFER
FOR NEW SUBSCRIBERS ONLY
34 issues only $3.97

(A $17.00 single copy value; regularly $7.85 by subscription)

Money-back Guarantee: If Saturday Review isn't all you expect, you may cancel your subscription at any time and receive a full refund. Not just the usual refund on unmailed copies, but your money back in full. Use coupon below to enter your subscription.

Saturday Review 380 Madison Ave., New York, N.Y. 10017

Please enter my introductory subscription to Saturday Review for 34 issues at only $3.97.

☐ Payment enclosed ☐ Bill me

(Offer good only in U.S. and Canada)

Name _____
(Please print)

Address _____

City _____ State _____ Zip _____

SAVE EVEN MORE! ☐ I prefer to subscribe for 68 issues at only $7.94. (On newsstands, these issues would cost $34.00; at the regular subscription rate, $15.70.)

A067

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

POLITICAL BOOK NOTES

This section lists public affairs books scheduled for publication this month. Publishers who want descriptions of their books included should notify us two months in advance and provide a brief (50 words or less) objective summary of the contents.

Alienation and Economics. Walter A. Weisskopf. Dutton, $7.95.
Weisskopf locates the roots of our current discontentment in economic theories about man's role in society.

The American Left: Radical Political Thought in the Twentieth Century. Loren Baritz, ed. Basic, $12.50.
Among the topics covered: the class struggle, revolutionary unionism, sexual oppression, the Communist Party, the literary class struggle, the Depression, Marxism and the Negro problem, the Cold War, the Black Liberation Front, the New Left, and radical women.

The Battle for Cairo Illinois. Charles Koen. The Third Press. $6.95.
A description of the 26-month race war which still rages in the southern Illinois town.

Beyond A Reasonable Doubt. Sandor Frankel. Stein & Day, $7.95.

Blacks in America. James McPherson. Doubleday. $7.95.
Selected literature on black Americans organized into 100 inter-disciplinary topics, from Africa and the slave trade to life styles in the 1970 urban ghetto.

Blacks in the City. Guichard Parris and Lester Brooks. Little, Brown. $12.50.
A history of the National Urban League over the past 60 years by a former League public relations director.

Blue Collars and Hard Hats. Patricia Cayo Sexton and Brendan Sexton. Random House. $7.95.

The Bonds: An American Family. Roger M. Williams. Atheneum. $10.

California Water: A Study in Resource Management. David Seckler, ed. Univ. of California, $15.00.
A study of the 400-mile, multi-billion dollar aqueduct system which serves the agricultural areas and urban population centers of Southern California, and the arguments pro and con.

Courage and Hesitation: Notes and Photographs of the Nixon White House. Allen Drury. Doubleday, $14.95.

Crime and Justice. Sor Leon Radzinowicz, Marvin E. Wolfgang, ed. Basic, Volume I, $5.95, II and III, $6.95; set, $35.
Three volumes survey the growing menace of crime and the current methods of dealing with it.

Dams and Other Disasters. Arthur E. Morgan. Porter Sargent, $7.50.
A former chairman of the TVA describes what he contends has been a century of mismanagement of billions of dollars by the Army Corps of Engineers and the resulting cultural and ecological upsets.

Drug Misuse. Group for the Advancement of Psychiatry. Scribner's, $4.95.
Leading psychiatrists examine the psychological, social, legal and other implications of drug misuse. Includes discussion of marijuana legislation and legal treatment of drug misusers.

Face and Shadow: Approaches to the Modern Revolutionary Impulse. Judah Stampfer. Simon & Schuster, $6.95.
A survey of the modern intellectual temper in the U. S., Europe, and Russia, focusing on factors that stir and then frustrate the revolutionary impulse as it works in Western society.

The Failure of Independent Liberalism, 1930-1941. R. Alan Lawson. Putnam, $6.95.
The American liberal response to the New Deal, including discussion of such thinkers as Thorstein Veblen, John Dewey, and Louis Mumford. Winner of the 1967 Allan Nevins Prize for the best-written doctoral disser-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tation.

Financing Presidential Campaigns. Delmer D. Dunn. Brookings, $5.95.
An investigation of the increasing costs of campaigning for the presidency and examination of the reform proposals for controlling campaign financing.

The Future of Work and Leisure. Stanley Parker, intro. Ivar Berg. Praeger, $2.50.
Discusses the contrasting schools of thought on the work-leisure relationship and the approaches to the leisure "problem."

Henry Ford and Grass-roots America. Reynold M. Wik. Univ. of Michigan, $10.00.
A view of Henry Ford which focuses on the ways in which he came to epitomize the values of the "little man" in the minds of many rural Americans.

If They Come in the Morning: Symbols of Resistance. Angela Davis., fwd. Julian Bond. The Third Press. $5.95.
Angela Davis articulates her views on political prisoners and details her own position and that of more than 20 other political prisoners including H. Rap Brown, the Black Panthers, and the Harrisburg 8.

Imagination and Power: A Study of Poetry on Public Themes. Thomas R. Edwards. Oxford, $6.

In Pursuit of Relevance. Herbert J. Muller. Indiana University, $10.

Irrational Ravings. Pete Hammill. Putnam, $7.95.
A collection of the journalist's articles and columns.

Law Against the People: Essays to Demystify Law, Order and the Courts. Robert Lefcourt, ed. Random House, $10.

The Mafia Is Not an Equal Opportunity Employer. Nicholas Gage. McGraw-Hill, $5.95.

The Making of Black Revolutionaries: A Personal History. James Forman. Macmillan, $12.50.

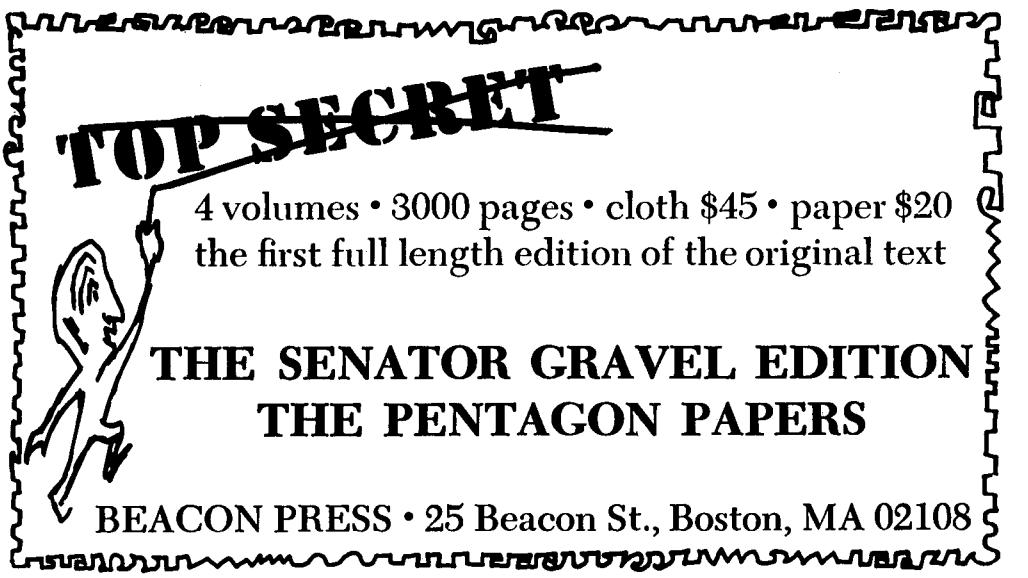
Man and the Land. Erich Jacoby w. Charlotte Jacoby. Knopf, $10.

Manpower for Development. Eli Ginzberg. Praeger, $10.00, $3.95.
Ginzberg argues that a nation's disposition of its human resources is determined by such individual factors as its value system, political structure, economic organization, and the component parts of the manpower system itself, as well as by certain general factors characteristic of all nations.

A Name for Ourselves. Paul Potter. Little, Brown, $6.95.
A former radical activist and SDS national president sees a bond between our personal lives—ambitions, fears, jobs, marriages, emotional problems—and public issues, and suggests a new form of politics that would allow us to recapture the control over our lives, which Potter feels we have unwittingly surrendered to others.

The New Journalism: The Underground Press, the Artists of Nonfiction, and Changes in the Established Media. Michael L. Johnson. University Press of Kansas, $6.95, $2.95.

Our Troubled Press. Alfred Balk and James Boylen, ed., intro. Elie Abel. Little, Brown, $10.
An anthology of articles from the first 10 years of the *Columbia Journalism Review*, written by Walter Lippmann, Theodore White, Harrison Salisbury, et al.



LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Pan-Africanism or Communism. George Padmore. Doubleday, $7.95.
One of the founders of the Pan-African movement describes its growth and its genesis in slavery, imperialism, and racism. Includes an exposition of the relationships of African, West Indian, and American black nationalist movements to international Communism.

The Participation Put-On: Reflections of a Disenchanted Washington Youth Expert. Toby Moffett. Delacorte, $6.95.

The Political Consequences of Electoral Laws. Douglas W. Rae. Yale, $7.50, $2.45.
A comparative study of the question, "How much difference do the rules make?" A new chapter in this revised edition examines the relationships between electoral systems, the multiplication of parties, and government stability.

The Politics of Riot Commissions, 1917-1970. Anthony Platt, ed. and intro. Macmillan, $8.95, $3.95.
An account and analysis of seven riots in the U. S. in the 20th century, including official reports and analyses written at the time of each riot. Platt's introduction relates the function of riot commissions to the historical facts and to the future of such phenomena.

Public Affairs. C. P. Snow. Scribner's, $7.95.
A collection of Snow's important statements on great issues of the day.

Retirement in American Society. Gordon F. Streib, Clement J. Schneider, S. J. Cornell, $10.50.
A nationwide study of older Americans shows the effect of retirement on the health, adjustment, self-image, and feeling of usefulness of the retirees surveyed.

Riding the Storm, 1956-1959. Harold Macmillan. Harper & Row, $15.
The fourth volume of Macmillan's memoirs, documenting his early years as prime minister, including commentary on the Eisenhower-Dulles diplomacy.

Selling Death: Cigarette Advertising and Public Health. Thomas Whiteside. Liveright, $5.95.
Probes the link between advertising and smoking, and in an open letter to the Food and Drug Administration demands that cigarettes be classified as a hazardous substance and that cigarette advertising be brought under rigorous control.

A Special Interest: The Atomic Energy Commission, Argonne National Laboratory, and the Midwestern Universities. Leonard Greenbaum. Univ. of Michigan.
A case history of the politics and often-conflicting aims of the nuclear decision-makers in the governmental, scientific, and university communities.

Struggle for Justice: A Report on Crime and Punishment in America. American Friends Service Committee. Hill & Wang, $4.50, $1.95.
Contends that reforms to improve court procedures and penal institutions have failed to reduce crime or reform the criminal and proposes changes based on justice and human welfare.

Taiwan and American Policy: The Dilemma in U. S.-China Relations. J. A. Cohen, Edward Friedman, H. C. Hinton, A. S. Whiting. Praeger, $7.50, $2.50.
Covers such topics as the real interests of the U. S. in Taiwan, the ethical problems involved in their diplomatic relationship, and U. S. policy options. From papers and addresses presented to the League of Women Voters.

The Ticket--Splitter: A New Force in American Politics. Walter DeVries, V. Lance Tarrance; David Broder, intro. Eerdmans, $2.45.
Suggests that the only way to understand American voters is to examine their behavior rather than their self-perceptions. Concludes that prediction of American voting behavior will become increasingly difficult and that ticket-splitters are the target group in the elections of the '70s.

The Times in Review 1960/1969. The New York Times. Arno Press/Random House, $25.

U. S. Troops in Europe: Issues, Costs, and Choices. John Newhouse, w. Melvin Croan, Edward R. Fried, Timothy W. Stanley. Brookings, $6.95, $2.95.
Considers all sides of the question of a U. S. military presence in Western Europe and concludes that the presence of U. S. forces is vital to U. S. security and a stable political environment in Europe.

Water Wasteland. David Zwick. Grossman, $5.95.
A Nader Study Group report on water pollution, focusing on Lake Erie and the reaction of the Ohio government to point out the lack of concern by industry and governmental inaction toward water pollution.

We, the Puerto Rican People: A Story of Oppression and Resistance. Juan Angel Silen. Monthly Review Press, $5.

Where Did the Thirteen Billion Dollars Go? Eugene Sullivan. Prentice-Hall, $6.95.

The Wreck of the Penn Central. Joseph R. Daughen and Peter Binzen. Little, Brown, $7.95.
The story of the Penn Central's 867 days from merger to bankruptcy.

My Land is Dying. Harry Caudill. Dutton, $6.50.
Documentation of the effects of strip mining by the author of *Night Comes to the Cumberland.* ■

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Washington Monthly
1150 Connecticut Ave. N.W.
Washington, D.C. 20036

Please enter _____ Christmas gift subscriptions in my name
for the persons listed below.
My payment of $ _____ is enclosed.

My name _____
Address _____
City _____ State _____ Zip _____

☐ Check if you wish us to send gift cards to the persons you list below.

Enter a gift subscription for:
Name _____
Address _____
City _____ State _____ Zip _____
Sign gift card _____

Enter a gift subscription for:
Name _____
Address _____
City _____ State _____ Zip _____
Sign gift card _____

Enter a gift subscription for:
Name _____
Address _____
City _____ State _____ Zip _____
Sign gift card _____

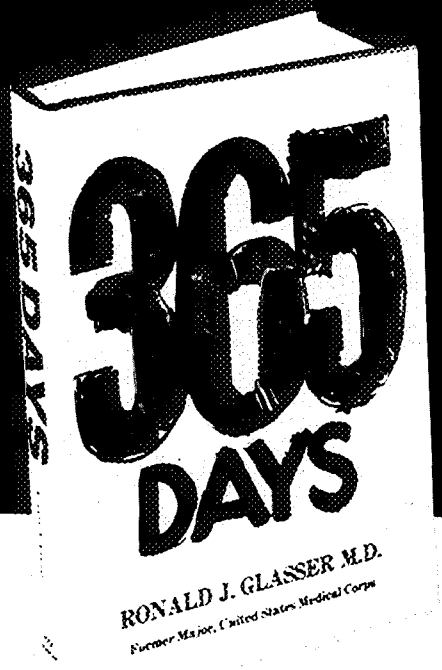
Enter a gift subscription for:
Name _____
Address _____
City _____ State _____ Zip _____
Sign gift card _____

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

YOU READ "THE BURN WARD"

Now you can read the whole extraordinary book

When "The Burn Ward" was published in *The Washington Monthly,* editor Charles Peters said it was "the most moving thing I have read about the war." And one of the many readers who wrote in reported he had written to the President: "I have just put down 'The Burn Ward.' I have been crying. I am thirty-seven. Please take time to read this story, Sir."



"The Burn Ward" is only one of the many episodes in a remarkable book that has just been published, entitled *365 DAYS,* by Ronald J. Glasser, M.D., former Major in the U.S. Army Medical Corps. Here's what *Publishers' Weekly* says about the book:

"Dr. Glasser as an Army doctor served some years ago at the Camp Zama Army Hospital in Japan, a first-rate hospital to which the Vietnam wounded were flown in at the rate of six to 8000 a month. Out of his own experiences, and out of what he was told by the wounded GIs themselves, Dr. Glasser has written one of the most moving books yet to come out of the Vietnam tragedy. **It is inconceivable that anyone could read his book without being overwhelmed** by its searing descriptions of the shattered soldiers whose tour of duty—the 365 days of the title—was transformed into sudden agony, blindness or lifelong sentences to limblessness, pain or psychiatric impairment. Kids, most of them—copter pilots, forward observers, cooks, young medics, noncoms, nurses, Special Forces, Rangers. Dr. Glasser writes about them from the gut, telling the stories of savagery, brutality and horror they told him, the ambushes, the mini-My Lais, the nightmarish crackups. His closing sketch of a young soldier dying of burns is totally shattering. Dr. Glasser's controlled rage and grief runs like a threnody through **one of the most unforgettable books of the year."**

"Dr. Glasser's book is a well-written book and a noble book and a book that had to be written. It makes human sense out of the great American disaster in Asia. There is no other kind of sense. I recommend 365 DAYS for its poignancy, truth and moral honesty, and its damn good writing."

—William Eastlake

"I am pleased that Dr. Glasser's powerful account of the human cost of the Vietnam war is receiving wide distribution."

—Senator Edward M. Kennedy

"One of the most gripping accounts of the Vietnam tragedy in human, personal terms I have yet seen. No one can read this book without tears." *—Senator George McGovern*

365 DAYS

Ronald J. Glasser, M.D.

At all bookstores $6.95

George Braziller New York

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED